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UNITED NATIONS POPULATION FUND

Revised Estimates for the Biennial Support Budget for 2002-2003*

Summary

The Executive Director hereby submits revised biennial support budget estimates for 2002-2003. This proposal, which is consistent with the strategic objectives outlined in UNFPA's multi-year funding framework (DP/FPA/2001/4), arises from Executive Board decision 2001/16 and the ACABQ recommendations included in report DP/FPA/2001/12, both of which called for a review of organizational requirements, particularly those in country offices that emerged from a Field Needs Assessment Study (FNAS) conducted in 2001.

This document reflects the organization's commitment to establish a new typology for UNFPA country offices, proposed to be implemented by mid-2003. The new typology provides a unique challenge for renewed, strengthened and focused field presence and programme support, and represents an important step towards the institutional strengthening of the Fund.

This proposal also reflects adjustments in appropriations due to income projections for regular resources for 2002-2003 revised downwards from $580.0 million to $545.0 million. This results in a decrease of the biennial support budget from $168.3 million to $155.2 million (gross) and from $146.5 million to $135.1 million (net).

A contingency plan is also included. It highlights austerity measures to be adopted to contain the gross biennial support should the contribution of one major donor not materialize.

* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.

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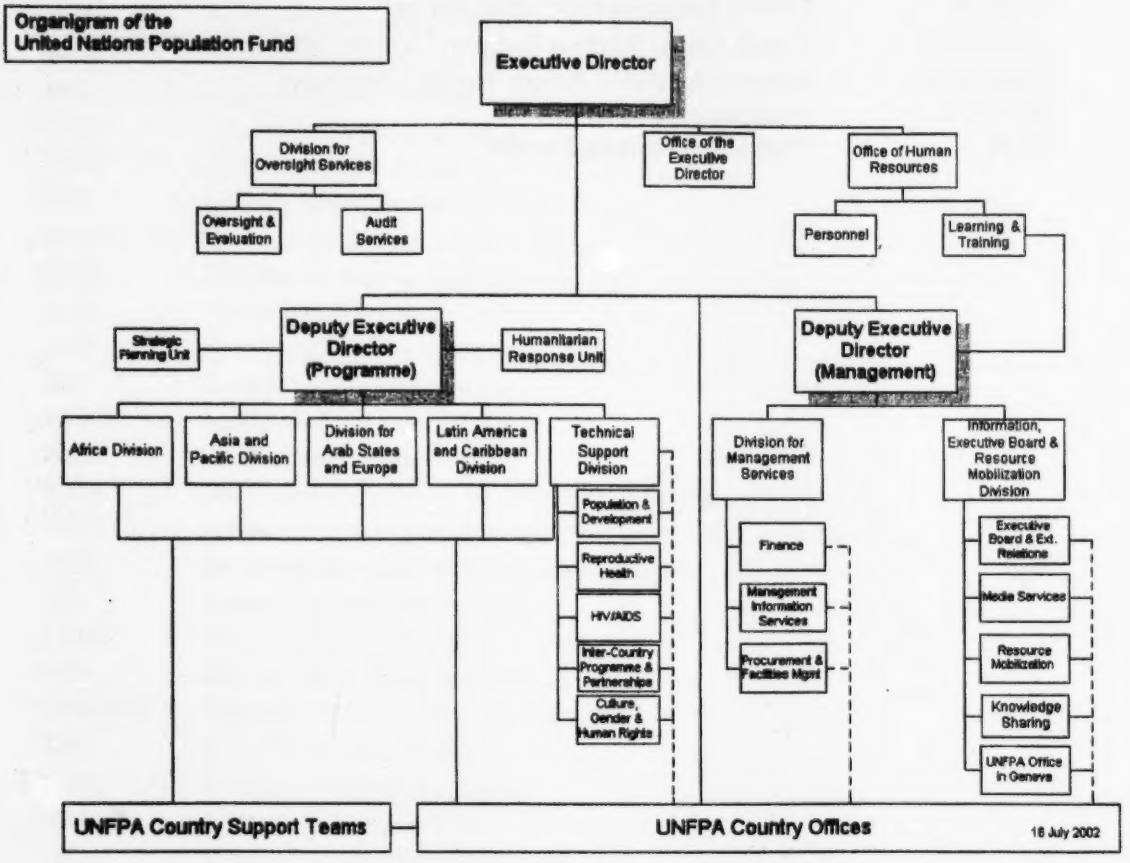
ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
AD	Africa Division
APD	Asia and the Pacific Division
BRG	UNFPA Budget Review Group
BSB	Biennial Support Budget
CCA	Common Country Assessment
CEB	Chief Executives Board
CST	Country Technical Services Team
DASE	Division for Arab States and Europe
DMS	Division for Management Services
DOS	Division for Oversight Services
EDP	Electronic Data Processing
ERP	Enterprise Resource Planning
FNAS	Fields Needs Assessment Study
HRU	Humanitarian Response Unit
ICPD	International Conference on Population and Development
IERD	Information, Executive Board and Resource Mobilization Division
IMIS	Integrated Management Information System
IPO	International Programme Officer
LACD	Latin America and Caribbean Division
MIS	Management Information Services
NPA/NAF	National Programme/Finance Assistant
NPO	National Programme Officer
NGO	Non-governmental organization
NS&C	National Secretary & Clerk
OAPR	Office of Audit and Performance Review
OED	Office of the Executive Director
OHR	Office of Human Resources
OOE	Office of Oversight and Evaluation
PRSPs	Poverty Reduction Strategy Papers
RBM	Results-based management
RMS	Resource Management System
SPCD	Strategic Planning and Coordination Division
SPU	Strategic Planning Unit
SWAp	Sector Wide Approach
TSD	Technical Support Division

TAP	Technical Advisory Programme
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNIFOS	UNFPA Integrated Field Office System
UNWGCPS	United Nations Working Group on Common Premises and Services
UNSECOORD	Office of the United Nations Security Coordinator
WINUNIFOS	Windows-based UNIFOS
WFPE	Work Force Planning Exercise


Organigram of the
United Nations Population Fund
Executive Director
Division for Oversight Services
Oversight & Evaluation
Audit Services
Office of the Executive Director
Office of Human Resources
Personnel
Learning & Training
Strategic Planning Unit
Deputy Executive Director (Programme)
Humanitarian Response Unit
Deputy Executive Director (Management)
Africa Division
Asia and Pacific Division
Division for Arab States and Europe
Latin America and Caribbean Division
Technical Support Division
Population & Development
Reproductive Health
HIV/AIDS
Inter-Country Programme & Partnerships
Culture, Gender & Human Rights
Division for Management Services
Finance
Management Information Services
Procurement & Facilities Mgmt
Information, Executive Board & Resource Mobilization Division
Executive Board & Ext. Relations
Media Services
Resource Mobilization
Knowledge Sharing
UNFPA Office in Geneva
UNFPA Country Support Teams
UNFPA Country Offices
16 July 2002

I. EXECUTIVE SUMMARY

1. The Executive Director of the United Nations Population Fund (UNFPA) herewith submits revised estimates for the biennial support budget for 2002-2003. This proposal is a revision of the biennial support budget submitted to the Executive Board at its second regular session in September 2001 (document DP/FPA/2001/10). This revised budget proposal focuses on strengthening country offices in line with paragraph 5 of decision 2001/16, which requests the Executive Director to submit proposed revisions that arise from further review of organizational requirements, including the Field Needs Assessment Study.

2. This proposal will be presented to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for its examination and comments. (The report of the ACABQ will be included in document DP/FPA/2002/10.)

3. This proposal has been prepared in accordance with the harmonized format and guidelines for UNDP, UNFPA and UNICEF approved by the Executive Board in decisions 97/6 and 99/3. Documents DP/1997/2, Add.1, and DP/FPA/1999/1 provide details on the common format, terms and definitions, and methodology for the presentation of budget estimates. Annex I of this report contains a list of terms and their definitions as agreed upon by the three organizations. Annex II contains an explanation of the methodology applied in calculating the budget estimates.

A. Financial framework

4. The revised budget, with appropriations of $155.2 million (gross)[1], is based on a resource framework of $702.5 million for total income, consisting of $545.0 million in regular resources and $157.5 million in other resources. This framework is based on recent trends in pledges made by major donor countries.

5. A contingency plan, which is presented in section III of this document, has been developed to ensure that UNFPA has a plan to reduce programme and programme-support expenditures in the event the Fund does not receive a contribution from one of its major donors, which is still pending.

6. It should be emphasized here that the contingency plan would impose serious constraints on the organization and hinder its effectiveness to assist countries in achieving the ICPD and ICPD+5 goals. Further long-term adjustments will be proposed in the context of the biennial support budget for 2004-2005, should this be necessary.

[1] *Gross budget*: The budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment) and all other costs are estimated on a gross basis, i.e., inclusive of income-tax payments for staff, total local office costs, and cost of services to be rendered. *Net budget*: The budget in which estimates of payments to be received offset, in whole or in part, the related gross budget estimates.

B. Implementation of the 2002-03 BSB in 2002

1. Initial allotments

7. Through its decision 2001/16, the Executive Board approved gross appropriations in the amount of $168.3 million for the purposes indicated in document DP/FPA/2001/10. These total appropriations were based on an expected income from regular resources of $580.0 million for the biennium, calculated at an average of $290.0 million a year.

8. At the beginning of 2002, updated income estimates for 2002 indicated that the most realistic assumption for income from regular resources would be in the region of $260 million to $270 million, or an average 91.4 per cent of the income estimate in the biennial support budget. As it is UNFPA's standard practice to allot 48 per cent of the total appropriation in the first year of the biennium and 52 per cent in the second year, the Fund lowered the percentage of the allotment for 2002 to 43.9 per cent of the total approved appropriation. An initial allotment was issued in an amount lower than $80.8 million, the amount that would have been issued had the planned income of $290 million materialized.

2. Austerity measures

9. Subsequently, due to the increasing uncertainty surrounding the contribution from one major donor and the reduction in pledges of several other donors, UNFPA further reduced its estimates for regular resources for 2002 to $242 million. UNFPA immediately implemented austerity measures to adjust the budget allotments to the projected reduction in regular resources, reducing allotments for travel, training (including EDP training), hospitality and several operational lines, both at headquarters and in the field. The Fund also initiated a hiring freeze for all vacant regular posts and mandated a Budget Review Group (BRG), which had been established primarily to prepare the revised budget proposal, to screen requests for recruitment to ensure that only posts deemed absolutely essential would be cleared for recruitment. A small portion of a carry forward of unexpended resources in 2001, most of which have been reserved for programme expenditures, has been made available to the biennial support budget to partially relieve the impact caused by the austerity measures. As a result, total allotments issued at the time this document was being prepared were $73.8 million for 2002.

C. Objectives and strategy of the 2002-03 revised budget

10. The overall goal of the organization is to strengthen UNFPA country offices within the same strategic focus outlined in document DP/FPA/2001/10. The clear mandate set out and endorsed by the international community in the ICPD Programme of Action and the key actions determined by the ICPD+5 review process provide the policy and programme framework for UNFPA. The budgetary estimates and post requirements included in this revised budget proposal are the ones required by UNFPA to effectively pursue its strategic goals and carry out its programmatic priorities over the 2002-2003 biennium.

1. The UNFPA transition

11. The UNFPA transition process is a highly participatory exercise initiated by the Executive Director in June 2001; it is expected to conclude in December 2002. The transition process represents UNFPA's response to the changing environment in which it works. Its main goals are provided in the box below.

Main goals of the UNFPA transition

1. *To define a common strategic direction for the Fund to help developing countries achieve the ICPD and ICPD+5 goals as well as relevant Millennium Development Goals;*
2. *To increase organizational capacity to think and plan strategically, and to adapt quickly to emerging needs and trends at the global, regional, and country levels;*
3. *To develop a functions-based realigned structure that provides greater and more effective support to field operations;*
4. *To develop a human resources strategy that supports the Fund in achieving its strategic goals;*
5. *To create a UNFPA community that dynamically generates and uses knowledge to achieve its mission; and*
6. *To increase the visibility of UNFPA and its achievements.*

Millennium Development Goals

12. UNFPA actively supports the common vision and agenda spelled out by the Secretary-General in the *Road map towards the implementation of the United Nations Millennium Declaration* (document A/56/326). The Fund will be centrally involved in all initiatives in this regard, including the Millenium Development Project, to ensure that population and reproductive health issues are fully taken into account in various reports, strategies and policies. UNFPA's active participation in these initiatives is fully in line with the ICPD goals and fundamental to achieving most of the Declaration's development goals, especially halving the proportion of people living in extreme poverty by 2015.

Strategic thinking: Multi-year funding framework and results-based management

13. The multi-year funding framework[2] is closely aligned with the Millennium Development Goals and represents UNFPA's operational plan. The MYFF is being implemented through the strengthening and mainstreaming of results-based management throughout the Fund, both at programme and organizational levels. Strengthening programme management skills in country offices, increasing the capacity of CSTs to provide monitoring and evaluation tools, and institutionalizing results-based office management plans are all priorities of UNFPA.

14. While progress has been made in results-based management, the lack of adequate and reliable data at the national and programme level remains a very important constraint in implementing RBM and requires increased investment by UNFPA and all development partners.

[2] Document DP/FPA/2001/4

One implication of this is UNFPA's planned involvement in the Enterprise Resource Planning (ERP) project, the scope of which will be described further in this document.

15. Country offices have identified building capacity for institutionalizing RBM among staff and national partners as one of their highest priorities. The Fund will continue to strengthen the skills of headquarters and CST staff to: (a) provide technical assistance to country offices, particularly for strategic planning and programme formulation and monitoring; (b) reinforce systems of accountability; (c) identify and replicate promising initiatives in programme and organizational management; and (d) institutionalize a human resources strategy that defines and builds the required competencies throughout the organization.

A functions-based realigned structure

16. As stated in paragraph 5 of decision 2001/16, the budget revision arises from the need to further review organizational requirements, including those identified by the Field Needs Assessment Study conducted in 2001. UNFPA is committed to strengthening its country offices in order to improve the quality of UNFPA programmes and the effectiveness and efficiency of its programme delivery. Hence, this proposal regards the implementation of a new typology for country offices as a central priority.

New typology for country offices

A new typology for UNFPA country offices emerged clearly as one of the recommendations of the FNAS as well as from one of the working groups established by the Executive Director to guide UNFPA through its transition process (see para. 11 above). Fund-wide discussions on this topic involved senior management and geographical divisions both at headquarters and in the field.

The expected outcome – a proposed new typology for UNFPA country offices – constitutes a general upgrading of the profile and substantive capacity of country offices. The objective is to provide a framework for a phased strengthening of country offices through addressing outstanding gaps in staffing levels and skills. Section II of this document, on staffing, includes detailed information on the typology, including a description of the methodology underlying its establishment and the implications in terms of staff changes.

17. As part of the process to strengthen support to country offices, a further realignment at headquarters is proposed, involving the redeployment of the functions of the Strategic Planning and Coordination Division (SPCD) to new and existing units; the redeployment of the humanitarian response function from the Technical Support Division to the Office of the Executive Director; and the upgrade of the Office of Oversight and Evaluation (OOE) to the Division for Oversight Services (DOS). The overall adjustment involves a net reduction of 14 posts at headquarters.

Human resources strategy

18. As requested by the Board in decision 2001/16, UNFPA has developed a human resources strategy, which is being submitted to the Executive Board at its second regular session 2002 in document DP/FPA/2002/11. The strategy is designed to establish an integrated, holistic framework for the management of human resources that will enable UNFPA to better attract, develop and retain the staff it needs to implement its mandate and strategic vision. The implementation of the human resources strategy will be funded exclusively from extrabudgetary resources under the transition project, and no direct cost impact is expected on the revised biennial budget.

2. Financial implications of the implementation of the budget strategy

19. The revised budget estimate is based on an expected total income for 2002-2003 of $702.5 million – $545.0 million from regular resources and $157.5 million from other resources. This derives from an estimate of $535.0 million used in the multi-year funding framework[3], adjusted upwards by $10 million in light of additional pledges. The projection of $157.5 million from other resources derives from $116.3 million in donor contributions, $38.7 million from foundations and $2.5 million from reimbursable procurement.

20. The estimate of $545.0 million from regular resources represents a 6 per cent reduction vis-a-vis the estimate of $580.0 million used for the preparation of DP/FPA/2001/10. The total income estimate of $702.5 is in line with the estimate presented in document DP/FPA/2001/10 and reflects UNFPA's efforts to use realistic income projections in its budget proposals.

21. Table 1 provides the revised estimated resources available to UNFPA in the 2002-2003 biennium as well as their planned use. As recommended by the ACABQ, UNFPA has included opening balances in the table. These total $177.5 million, of which $39.9 million is from regular resources and $137.6 million is from other resources. The opening balance increases to $879.9 million the total resources available for programme and programme-support activities. As noted in table 1, $3.3 million will be transferred to the operational reserve, as UNFPA is mandated to maintain its operational reserve at 20 per cent of the projected regular resources income[4].

[3] Document DP/FPA/2002/4 (part II)

[4] This is reflected in table 1:

+Total resources:	$879.9 million
- Total use	: $761.5 million
- Closing Bal	: $115.1 million
=	: $ 3.3 million

Table 1. UNFPA resources plan

(Thousands of United States dollars) a/

	2000-2001 b/						2002-2003 b/						2002-2003 revised					
	Regular resources		Other resources		Total resources		Regular resources		Other resources		Total resources		Regular resources		Other resources		Total resources	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Resources available																		
Opening balance	0.0		0.0		0.0		0.0		0.0		0.0		39,872.0		137,575.0		177,447.0	
Income																		
Contributions	621,000.0		50,000.0		671,000.0		580,000.0		80,000.0		660,000.0		545,000.0		116,250.0		661,250.0	
Other c/	0.0		20,000.0		20,000.0		0.0		40,000.0		40,000.0		0.0		38,750.0		38,750.0	
Reimbursement for services	0.0		2700		2700		0.0		2,500.0		2,500.0		0.0		2,500.0		2,500.0	
Subtotal	621,000.0		72,700.0		693,700.0		580,000.0		122,500.0		702,500.0		545,000.0		157,500.0		702,500.0	
Total	621,000.0		72,700.0		693,700.0		580,000.0		122,500.0		702,500.0		584,872.0		295,075.0		879,947.0	
Use of resources - Programme and support activities																		
UNFPA programmes and support activities																		
A. Programmes	455,415.4	74.3%	70,600.0	97.1%	526,015.4	76.7%	393,439.6	68.8%	118,900.0	97.1%	512,339.6	73.8%	390,542.7	69.2%	192,794.0	97.6%	583,336.7	76.0%
B. Programme Support																		
Country offices	64,127.6	10.5%	0.0	0.0%	64,127.6	9.4%	71,431.7	12.5%	0.0	0.0%	71,431.7	10.3%	66,195.4	11.7%	0.0	0.0%	66,195.4	8.7%
Headquarters	23,737.2	3.9%	0.0	0.0%	23,737.2	3.5%	32,715.8	5.7%	0.0	0.0%	32,715.8	4.7%	27,489.1	4.9%	0.0	0.0%	27,489.1	3.6%
Agencies																		
Technical support	12,000.0	2.0%			12,000.0	1.8%	10,000.0	1.7%	0.0	0.0%	10,000.0	1.4%	7,600.0	1.3%	0.0	0.0%	7,600.0	1.0%
Adm. and oper. support	18,000.0	2.9%	2,100.0	2.9%	20,100.0	2.9%	22,000.0	3.8%	3,600.0	2.9%	25,600.0	3.7%	18,770.0	3.3%	4,681.0	2.4%	23,451.0	3.1%
Subtotal	30,000.0	4.9%	2,100.0	2.9%	32,100.0	4.7%	32,000.0	5.6%	3,600.0	2.9%	35,600.0	5.1%	26,370.0	4.7%	4,681.0	2.4%	31,051.0	4.1%
Total programme support	117,864.7	19.2%	2,100.0	2.9%	119,964.7	17.5%	136,147.5	23.8%	3,600.0	2.9%	139,747.5	20.1%	120,054.5	21.3%	4,681.0	2.4%	124,735.5	16.4%
C. Management and admin. of org.	39,519.9	6.4%			39,519.9	5.8%	42,312.9	7.4%	0.0	0.0%	42,312.9	6.1%	41,441.8	7.3%	0.0	0.0%	41,441.8	5.4%
D. One-time costs																		
ERP project	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	10,000.0	1.8%	0.0	0.0%	10,000.0	1.3%
Additional requirements for termination payments	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	2,000.0	0.4%	0.0	0.0%	2,000.0	0.3%
Total	612,800.0	100.0%	72,700.0	100.0%	685,500.0	100.0%	571,900.0	100.0%	122,500.0	100.0%	694,400.0	100.0%	564,039.0	100.0%	197,475.0	100.0%	761,514.0	100.0%
Closing balance	0.0		0.0		0.0		0.0		0.0		0.0		17,500.0	f/	97,600.0		115,100.0	
Biennial Support Budget																		
Total net budget estimates	127,384.6				127,384.6		146,460.2		0.0		146,460.4		135,126.3		0.0		135,126.3	
Estimated income and adjustments																		
Reimbursement for services d/	18,000.0		900.0		18,900.0		17,400.0		1,000.0		18,400.0		16,070.0		0.0		16,070.0	
Supplemental funding - recovery																		
Other e/	4,000.0				4,000.0		4,400.0		0.0		4,400.0		4,000.0		0.0		4,000.0	
Subtotal	22,000.0		900.0		22,900.0		21,800.0		1,000.0		22,800.0		20,070.0		0.0		20,070.0	
Total gross budget estimates	149,384.6		900.0		150,284.6		168,260.2		1,000.0		169,260.4		155,196.3		0.0		155,196.3	

a/ Figures in this table and in the rest of the document are rounded to the closest decimal, and thus, there may be minor differences due to rounding.

b/ As projected in the estimates for the biennial support budget for 2000-2001 (document DP/FPA/2001/10).

c/ Other contributions pertain to income obtained from private foundations

d/ Includes: Cost recovery 14,570.0

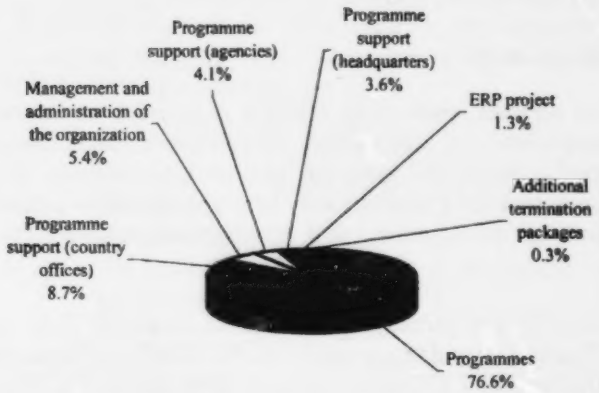
Reimbursable procurement (net) 1,500.0

e/ Includes the reimbursement of income tax to staff members who are nationals of certain states

f/ Closing balance does not include the mandated $3.3 million adjustment to the operational reserve for the biennium.

22. Figure A provides a breakdown of how the total resources will be distributed in the 2002-2003 biennium based on the revised proposal.

Figure A. Use of total resources, 2002-2003


Programme support (agencies) 4.1%
Programme support (headquarters) 3.6%
Management and administration of the organization 5.4%
ERP project 1.3%
Additional termination packages 0.3%
Programme support (country offices) 8.7%
Programmes 76.6%

Values (in millions of US dollars)	
Programmes	583.3
Programme support (country offices)	66.2
Management and administration of the organization	41.4
Programme support (agencies)	31.1
Programme support (headquarters)	27.5
ERP project	10.0
Additional termination packages	2.0

The largest portion of total resources, $583.3 million, or 76.6 per cent of the total expected expenditure, will be expended on programmes, a percentage higher than the 73.8 per cent in the budget submitted in document DP/FPA/2001/10. It should be noted that the revised budget proposal includes provisions for the Enterprise Resource Planning (ERP) project ($10.0 million or 1.3 per cent of total expected expenditure) and for termination packages required on an exceptional basis by the implementation of the new country office typology ($2.0 million or 0.3 per cent). Details on these issues are included in paragraphs 106-107 and paragraph 69, respectively.

23. Of the total estimated expenditures, 17.7 per cent will be used for three components: programme support at the country level (8.7 per cent), programme support at headquarters (3.6 per cent), and management and administration of the organization (5.4 per cent). This represents a substantial reduction from the corresponding figure of 21.1 per cent for these three items in the original budget proposal for 2002-2003.

24. The revised budget estimates total $135.1 million (net) or $155.2 million (gross), that is, 24.8 per cent (net) or 28.5 per cent (gross) of the regular resources income estimate of $545.0 million. This represents a reduction from the original proposal for 2002-2003, for which the corresponding ratios were 25.3 per cent and 29.0 per cent, respectively. Calculated as a percentage of the total estimated resources of $702.5 million during the biennium, the net biennial support budget represents 19.2 per cent and the gross biennial support budget represents 22.1 per cent. The corresponding ratios for the original proposal were 20.9 per cent and 24.0 per cent, respectively.

Income to the biennial support budget

25. Reimbursement for services rendered by UNFPA is recorded as income to the regular resources budget to compensate for the related administrative costs, as required in the harmonized budget format[5]. As in the past, the total revised estimate for the 2002-2003 biennium of $16.1 million is credited proportionately among programme support at the country level, programme support at headquarters, and management and administration of the organization.

26. Procurement services to third parties are administered separately from regular resources. In line with the UNFPA Financial Regulations and Rules, the balance of income remaining at the close of the biennium after meeting the direct costs of these services is also credited to the biennial support budget. The revised estimate for reimbursement services income for 2002-2003 has been maintained at $2.5 million. Of this amount, $1.0 million will be spent for direct costs and operating expenses pertaining to procurement staff, while the balance of $1.5 million will be credited as income to the regular resources budget and apportioned among the three appropriation lines.

27. Income tax reimbursed to nationals of certain states, revised downward from $4.4 million to $4.0 million based on actual experience, has also been credited to the biennial support budget[6].

28. The three components outlined in paragraphs 25-27 total $20.1 million -- $14.6 million for cost recovery, the $1.5 million for net income from reimbursable procurement, and the income-tax reimbursement of $4.0 million. This expected income to the gross budget of $155.2 million yields a net budget of $135.1 million.

29. The revised net budget reflects a decrease of $11.3 million, or 7.7 per cent, in absolute terms from the net budget for the original budget submission for 2002-2003.

Overheads

30. In its review of the 2002-2003 biennial support budget in June 2001, the ACABQ noted that UNFPA should ensure that overhead costs charged to projects are sufficient to cover the

[5] Document DP/1997/2

[6] In accordance with an earlier ACABQ recommendation (DP/FPA/1997/15), which is also reflected in the budget harmonization methodology (DP/FPA/1999/1). This credit is included in the "estimated income and adjustments" line in table 1 under "other".

actual costs of supporting these projects. UNFPA notes that the Joint Inspection Unit report on this issue[7] recommends the same approach.

31. UNFPA has addressed this issue with its Executive Board on two recent occasions -- in 1998 in document DP/FPA/1998/11 and in 2000 in document DP/FPA/2000/2. As a result of these documents, UNFPA has established two administrative overhead fees to offset the costs of supporting projects funded through other resources -- a managerial support services (MSS) fee, established at 5 per cent to cover the costs to develop, oversee and monitor projects financed by multi-bilateral contributions; and an administrative and operational support (AOS) fee, established on a sliding scale up to 7.5 per cent to cover the substantive, technical and managerial costs of UNFPA-executed projects.

Overhead Type		AOS				MSS
Fund Type		*UNFPA*	*UN agencies*	*Government*	*NGO*	
Regular		5% of HQ purchase orders for country programmes	7.5% of expenditure	5% of expenditure	0-12% of expenditure	N/A
Supplementary	*Cost-sharing*	5% of expenditure	7.5% of expenditure	5% of expenditure	0-12% of expenditure	N/A
	Trust Funds	7.5% of expenditure	7.5% of expenditure	5% of expenditure	0-12% of expenditure	5% of income
Reimbursable Procurement		5% of expenditure	N/A	N/A	N/A	N/A
Received by		UNFPA	UN agency	UNFPA	NGO	UNFPA

32. During 2001, UNFPA evaluated its cost structures and procedures with a view to streamlining and simplifying these structures and procedures wherever possible. This process is expected to be completed by late 2002. One of the outcomes of this study was the establishment of a charge of $15,000 per staff per annum for all project staff at headquarters funded through regular programme resources to offset the actual costs of facilities and office space at the headquarters location.

Adjustments

33. Table 2 lists the most relevant proposed adjustments to the revised biennial support budget for 2002-2003 vis-à-vis the proposal contained in document DP/FPA/2001/10. Overall, the revised gross budget totals $155.2 million -- $13.1 million, or 7.8 per cent, less than the original proposal of $168.3 million. The main adjustments are in volume ($9.6 million net). Cost adjustments across the organization total $1.8 million (net) and are largely driven by cost decreases in the field attributable to the appreciation of the US dollar, particularly in the Africa region, and in part offset by cost increases at headquarters.

[7] JIU/REP/2002/_ "Support costs related to extrabudgetary activities in organizations of the United Nations system".

Impact of decreased income on the revised appropriations

34. One major factor of adjustment in the revised budget estimates is the use of a revised baseline of 43.9 per cent for the allotment of the total gross appropriation for the biennium, as explained above in paragraph 8. This reduction of $6.9 million is computed throughout the revised estimates as a "volume" adjustment. It can be broken down as follows: $3.4 million for country offices programme support; $1.5 million for headquarters programme support; and $2.0 million for management and administration of the organization. As can be derived from tables I and II (pp. 56 and 57), volume reductions for programme support for country offices, programme support for headquarters, and the management and administration of the organization total $3.3 million, $6.4 million and $1.6 million, respectively, indicating that further net adjustments are incorporated in these revised appropriations, both at headquarters and in the field. The major adjustments are listed below.

Country offices

35. Adjustments have been made in the revised biennial support budget in the following areas.

(a) Posts. For posts in country offices, the net reduction is $4.5 million and encompasses both local and international posts in the field, as follows:

(i) Local posts. Net reductions total $2.1 million (in volume by $0.6 million and in cost by $1.5 million -- see annex II for definitions of volume and cost). The adjustment in volume is made up of increases of $2.2 million and $1.2 million for new posts and apportionment of resources for early terminations from headquarters to the field, respectively; and decreases of $2.0 million, $0.9 million and $1.1 million, respectively, for adjustments in the estimated vacancy rate, appropriation adjustments due to lower income, and post cuts[8];

(ii) International posts: Net reductions total $2.4 million (volume reduction by $2.7 million and cost increase by $0.3 million). The volume adjustment is made up of increases of $0.9 million for new posts and of $0.2 million as a result of the reclassification of nine posts and of decreases of $1.3 million in adjustments in salary estimates due to lower income projections and $2.5 million resulting from the improved methodology in the calculation of salary estimates;

(b) Systems development. Until the start of the ERP project in 2003, the original appropriation for the Resource Management System (RMS) will be used to enhance the functionality of existing systems. As only $0.8 million is needed in the field in 2002-2003, the revised estimates for systems development reflect a reduction of $2.2 million from the original estimate of $3.0 million. The increase of $0.6 million in appropriations for normal systems development in the field yields a net reduction of $1.6 million in appropriations for this budget line;

[8] In country offices the vacancy rate has been increased from 2 per cent to a more realistic level of 10 per cent.

Table 2. Summary of main areas of decrease/increase

(Thousands of United States dollars)

	Volume a/	Cost b/	Total
I. 2002-2003 Net appropriation estimates			146,460.2
II. Increases			
Headquarters			
New posts	1,097.2		
Reclassifications of posts	302.8		
Premises, renovation	645.0		
Consultants	404.8		
Contribution to joint activities, HQ	334.6		
Net inflation/step and other cost adjustments		972.2	
Sub total HQ	**2,784.4**	**972.2**	
Field			
New posts	3,140.1		
Reclassifications of posts	174.8		
Transportation equipment, Field	1,233.4		
Communication infrastructure, Field	787.4		
Systems development, Field	600.7		
Security, Field	239.5		
Sub total Field	**6,175.9**	**0.0**	
Subtotal increases	**8,960.3**	**972.2**	
III. Decreases			
Headquarters			
Abolished posts	-2,206.0		
Premises, rent	-1,760.9		
Printing and contractual services	-964.0		
Reimbursement of services	-959.5		
Sub total HQ	**-5,890.4**	**0.0**	
Field			
Vacancy rate, local posts	-2,004.5		
Abolished posts	-1,082.7		
Maintenance of PCs	-486.2		
EDP training	-246.0		
Net inflation/step and other cost adjustments		-2,738.2	
Sub total Field	**-3,819.4**	**-2,738.2**	
Other			
Adjustments for post appropriations due to lower income	-4,500.0		
RMS	-2,210.0		
Sub total Other	**-6,710.0**		
Subtotal decreases	**-16,419.9**	**-2,738.2**	
IV. Net other increase/decrease			
HQ	-2,536.4		
Field	-1,302.2		
V. Net change in income to the budget	**1,730.0**		
VI. 2002-2003 Net revised appropriation estimates	**-9,568.2**	**-1,766.0**	**135,126.1**

a/ See annex II, Methodology, for the definition of volume and cost.

(c) Maintenance of personal computer hardware. Total appropriations for this budget line have been reduced by $0.5 million, almost entirely attributable to a reduction in volume planned for this kind of service;

(d) EDP training. The bulk of training activities in electronic data processing is planned to take place in 2002, to accompany the launch of the new data processing systems (WinUNIFOS). In 2003, the appropriation to this budget line has been reduced by $0.25 million to accommodate essential country office requirements, mostly in volume;

(e) Transportation equipment. A net increase of $1.0 million (comprising a $1.2 million increase in volume and a $0.2 million decrease in cost) is needed to meet the backlog of vehicles due for replacement, which has increased over the years due to past income constraints. A total 51 vehicles are planned for replacement in 2002-2003 through the total appropriations of $1.3 million. This includes vehicles for two new country offices and for five existing country offices that will be upgraded to offices with a resident UNFPA Representative under the new country office typology;

(f) Communications infrastructure. The net appropriation for this budget line will be increased by $0.7 million, which will be offset by $0.1 million in reductions in cost. Of this amount, $0.5 million will be used to increase field office connectivity; the remainder will be used to meet additional country-specific requirements. As indicated further in this document, improved country office connectivity is a major priority of UNFPA. The increased provision should be seen as an investment in improved communications with country offices, which will no doubt enable UNFPA to deliver its programmes better and faster;

(g) Security costs. Volume increases of $0.25 million for security costs, as mandated by recent General Assembly resolutions on this matter, will be offset in part by projected reductions in cost. The net adjustment is an increase of $0.1 million.

Headquarters

36. Adjustments have been made in the revised biennial support budget in the following areas.

(a) Posts. In keeping with UNFPA's commitment to improve its presence in the field, the Fund will reduce headquarters staff in 2003 by 14 posts (net), or 6 per cent of the total. This is in line with the review of further organizational requirements requested by the Executive Board in decision 2001/16 and will offset additional costs arising from the upgrade of the Fund's presence in the field. The net adjustment is a reduction of $4.2 million: reductions in volume of $4.8 million are in part offset by cost increases of $0.6 million. The major components of volume adjustments are: (a) reductions of $2.2 million for abolished posts; $1.2 million for separation packages for the field; $0.5 million resulting from an improved methodology in calculating salary estimates; and $2.3 million in adjustments in salary estimates due to lower income projections; and (b) increases of $1.1 million for new posts and $0.3 million for reclassifications;

(b) Premises. The net reduction of $1.8 million is mostly due to the planned recovery of costs from regular project staff on the use of headquarters premises ($1.5 million), as noted in paragraph 32;

(c) Printing and contractual services. Activities falling in this budget line have been revised downwards resulting in a reduction of $1.0 million;

(d) Reimbursement of services. A reduction of $0.95 million in volume is partly offset by increases in cost totaling $0.1 million. These adjustments reflect the addition of the internal audit section to the Division for Oversight Services, as shown in the UNFPA organigram on page 6;

(e) Contribution to joint activities. An increase in volume of $0.3 million will be used for the projected increase in UNFPA's involvement in joint activities such as the United Nations Common Services Task Force, the UNDG Management and Programme Groups, and other interagency-related activities;

(f) Communication. Combined reductions in volume under "usage" and "infrastructure" account for an overall reduction of $0.3 million in this budget line;

(g) EDP equipment. Reductions in volume for both maintenance and purchases yield a reduction of $0.3 million in this budget line;

(h) Alterations. These are necessary to refurbish workstations and upgrade premises to meet current building code requirements. This expenditure, not reflected in DP/FPA/2001/10, translates into a volume increase of $0.65 million;

(i) Consultants. An increase of $0.4 million is needed in this budget line by MIS (DMS) and OHR as explained in paragraph 127(c).

D. Summary of proposals

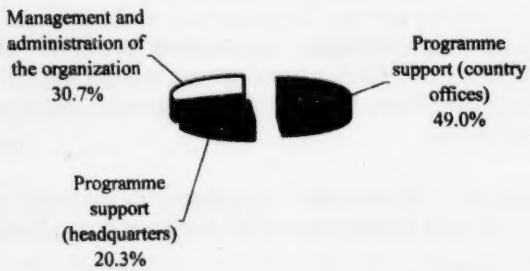
37. The proposed revised budget represents an effort to implement UNFPA's strategy as described earlier in this document as well as to accommodate some mandatory cost increases. The revised net appropriation represents a decrease of 7.8 per cent from the net appropriation of $146.5 million reflected in document DP/FPA/2001/10. The revised gross appropriation of $155.2 million is also 7.8 per cent lower than the gross appropriation of $168.3 million.

38. Table 3 displays the net budget estimates by appropriation line and location. UNFPA is proposing net volume reductions of $9.6 million overall, while cost decreases are estimated at $1.8 million, including increases in inflation and other costs. Of the total net decrease of $11.4 million, 84 per cent is attributable to decreases in volume.

39. Table 3 and figure B show that 49 per cent of the revised gross appropriation relates to country offices. The remaining share is for programme support at headquarters (20.3 per cent)

and the management and administration of the organization (30.7 per cent). As seen in table 3, the corresponding ratios in DP/FPA/2001/10 were 48.8 per cent to the field and 51.2 per cent to headquarters, with programme support at headquarters at 22.3 per cent and management and administration of the organization at 28.9 per cent. Therefore, in relative terms, the field portion of the biennial support budget remains constant compared to DP/FPA/2001/10.

Figure B. Revised budget estimates by appropriation line 2002-2003


Management and administration of the organization 30.7%
Programme support (country offices) 49.0%
Programme support (headquarters) 20.3%

40. Table 4 summarizes the regular resources posts of the organization by category, appropriation line and location. The proposal includes a net decrease of 48 posts, which would reduce the total core staffing of UNFPA to 972 posts from its current level of 1,020 posts. This is the result of the net reduction of 14 posts at headquarters and 34 posts in the field.

41. At headquarters, reductions of seven Professional posts are offset by a proposal for an identical increase in the same category of posts. It should be noted that the proposed additional posts include four posts for the UNFPA audit section, which was previously part of the Office for Audit and Performance Review of UNDP. These four posts are "zero-cost" additions, as the increase in payroll charges will be offset by a corresponding reduction in reimbursement fees to UNDP. At the General Service level, the proposed additions of three posts (of which two are for the DOS/Audit Services Branch at "zero cost") are more than offset by the reduction of 17 posts. These adjustments result in the overall net decrease in headquarters posts by 14 or 5.8 per cent.

42. In the field, adjustments are driven by UNFPA's commitment to increasingly shift to the field the human resources it can afford in light of its available income. Of the 210 international Professional posts proposed in the framework of the revised budget proposal, 99 or 47 per cent would be in the field. The corresponding percentage was 45 in DP/FPA/2001/10. Of the total posts, 76.5 per cent are assigned to country offices; the remaining 23.5 per cent are at headquarters, distributed between programme support (8.4 per cent) and management and administration of the organization (15.0 per cent) as shown in figure C.

Table 3. Budget estimates by appropriation line and by location

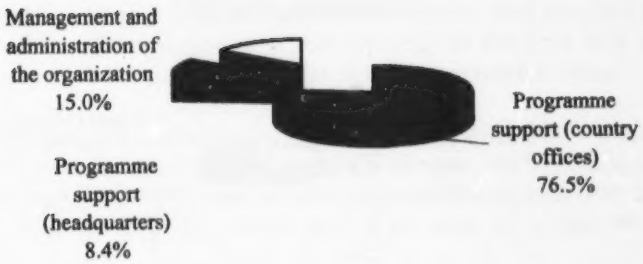
(Thousands of United States dollars)

Gross budget estimates	2002-2003 Approved appropriations	% of Total	Changes Volume Inc./(Dec.)	Volume %	Cost Inc./(Dec.)	Cost %	2002-2003 revised Proposed estimates	% of Total
By appropriation line								
Programme support								
Country office	82,064.0	48.8%	(3,298.5)	-4.0%	(2,738.2)	-3.3%	76,027.2	49.0%
Headquarters	37,585.2	22.3%	(6,364.7)	-16.9%	351.3	0.9%	31,571.8	20.3%
Mgmt. and admin. of org.	48,611.0	28.9%	(1,634.9)	-3.4%	621.0	1.3%	47,597.0	30.7%
TOTAL	168,260.2	100.0%	(11,298.2)	-6.7%	(1,766.0)	-1.0%	155,196.1	100.0%
By location								
Country office	82,064.0	48.8%	(3,298.5)	-4.0%	(2,738.2)	-3.3%	76,027.2	49.0%
Headquarters	86,196.2	51.2%	(7,999.6)	-9.3%	972.2	1.1%	79,168.8	51.0%
TOTAL	168,260.2	100.0%	(11,298.2)	-6.7%	(1,766.0)	-1.0%	155,196.1	100.0%
Estimated Income	(21,800.0)		1,730.0	-7.9%			(20,070.0)	
Net budget estimates	146,460.2		(9,568.2)	-6.5%	(1,766.0)	-1.2%	135,126.1	

Table 4. Regular resource posts by category, appropriation line and location

Posts	2002-2003 Proposed posts					Changes				2002-2003 (revised) Proposed posts				
						Increase/Decrease (net)								
	IP	NP	GS/ Oth.	Total	% of Total	IP	NP	GS/ Oth.	Total	IP	NP	GS/ Oth.	Total	% of Total
By appropriation line														
Programme support														
Country offices	91	170	517	778	76.3%	8	51	(93)	(34)	99	221	424	744	76.5%
Headquarters	57	0	50	107	10.5%	(11)	0	(14)	(25)	46	0	36	82	8.4%
Mgmt. and admin. of org.	54	0	81	135	13.2%	11	0	0	11	65	0	81	146	15.0%
TOTAL	**202**	**170**	**648**	**1020**	**100.0%**	**8**	**51**	**(107)**	**(48)**	**210**	**221**	**541**	**972**	**100.0%**
	19.8%	16.7%	63.5%	100.0%										
By location														
Country offices	91	170	517	778	76.3%	8	51	(93)	(34)	99	221	424	744	76.5%
	45.0%	100.0%	79.8%	76.3%						47.1%	100.0%	78.4%	76.5%	
Headquarters	111	0	131	242	23.7%	0	0	(14)	(14)	111	0	117	228	23.5%
	55.0%	0.0%	20.2%	23.7%						52.9%	0.0%	21.6%	23.5%	
TOTAL	**202**	**170**	**648**	**1020**	**100.0%**	**8**	**51**	**(107)**	**(48)**	**210**	**221**	**541**	**972**	**100.0%**
	19.8%	16.7%	63.5%	100.0%						21.6%	22.7%	55.7%	100.0%	

Figure C. Regular resources posts by appropriation line, 2002-2003


Management and administration of the organization 15.0%
Programme support (country offices) 76.5%
Programme support (headquarters) 8.4%

43. In this context, it should be noted that four Professional posts and two General Service posts from the Strategic Planning and Coordination Division (SPCD) are redeployed to the Information, Executive Board and Resource Mobilization Division (IERD); one additional Professional post is redeployed from SPCD to the Technical Support Division (TSD). The establishment of the Audit Services Branch at UNFPA increases the share of total posts under management and administration of the organization from 13.2 per cent in the original budget to 15.0 per cent in the revised budget proposal[9]. The fact that most of the proposed cuts of headquarters posts are from the redeployment of the functions of SPCD also contributes to the shift in share of posts from programme support to management and administration of the organization.

44. The implementation of the new country office typology will result in the following proposed adjustments in staffing in the revised budget:

(a) A net addition of 8 international Professional posts, resulting from the addition of 15 new posts and the reduction of 7 existing posts;

(b) The net reduction of 42 local posts, resulting from the addition of 117 posts and the reduction of 159 posts.

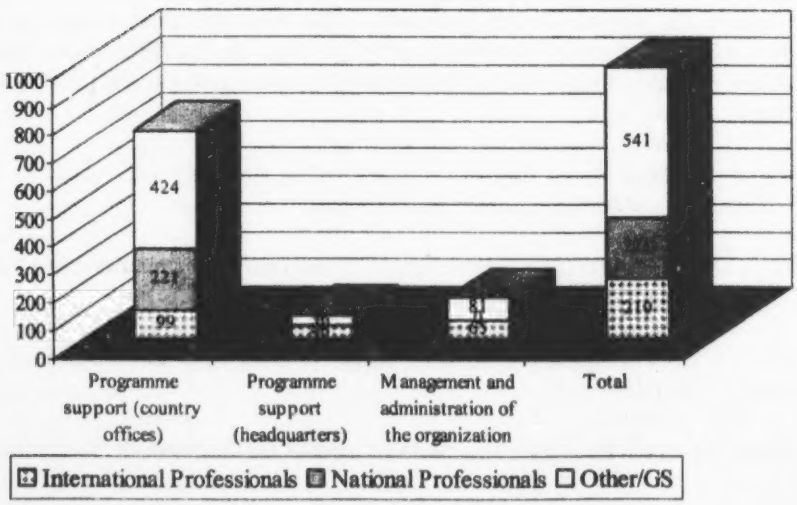
The combined effect of these adjustments is an overall net decrease in field posts by 34 or 4.4 per cent.

[9] The staffing of the four geographical divisions, the Strategic Planning Unit (formerly the Strategic Planning and Coordination Division), the Technical Support Division and the new Humanitarian Response Unit are charged to the programme-support budget, while the costs of the other divisions are charged to management and administration of the organization.

45. Figure D shows that international Professional posts account for 21.6 per cent of all posts, whereas local posts account for 78.4 per cent -- national Professional, 22.7 per cent; and General Service and other, 55.7 per cent. The corresponding figure for national Professionals in the original budget was 16.7 per cent. The increase is due to the proposed net addition of 51 national Professionals in the revised proposal, including 44 operations managers, another indication of UNFPA's commitment to upgrading its presence in the field within available resources.

Figure D. Regular resources posts by category, 2002-2003

Figure E. Regular resources posts by category and appropriation line



II. PROPOSALS FOR THE 2002-2003 REVISED BIENNIAL SUPPORT BUDGET

A. General

1. Staffing

46. The staffing proposals for the 2002-2003 biennium as presented in document DP/FPA/2001/10 focused on the organizational alignment at headquarters. This revised proposal focuses on the implementation of an upgraded presence in the field and the staffing adjustments required. Adjustments in staff at headquarters ensue primarily from the need to offset additional costs arising from the implementation of a new typology in the field in a context of reduced regular resources as well as from further changes in the organizational setup.

47. It should be noted that in the revised proposal for the 2002-2003 biennium, vacancy rates of 6 per cent have been maintained for internationally recruited staff (both at headquarters and in the field) and 2 per cent for locally recruited staff at headquarters; however, the vacancy rate for local staff in the field has been increased from 2 per cent to 10 per cent to reflect actual experience.

Headquarters

iquarters realignment

48. Document DP/FPA/2001/10 summarized changes in the staffing and organigram at headquarters that arose from the Work Force Planning Exercise conducted at headquarters since 1999. Eight new headquarters posts were proposed along with the elimination of six General Service posts, and two Professional posts were redeployed from headquarters to the field. Further adjustments are now proposed at headquarters to offset the cost of a new mix of posts in the field involving many higher level posts, and to better reposition the organization in light of country office needs as UNFPA emerges from its transition process.

49. As part of the ongoing transition process, the Executive Director decided to deploy the functions of the Strategic Planning and Coordination Division among different divisions and units in the organization. The external relations and coordination functions of the SPCD will be now divided among three different units. External relations (two Professional posts and one General Service post from SPCD) has been relocated to the renamed Executive Board and External Relations Branch of IERD. The integration of external relations operations into the former Executive Board Branch will strengthen the visibility and effectiveness of the Fund and ensure greater coherence in UNFPA's participation in intergovernmental processes. The coordination function of SPCD will be partially integrated in the Office of the Executive Director and partially into the renamed Intercountry Programme and Partnership Support Branch of TSD (no post redeployment from SPCD). This is expected to facilitate the coordination functions of the Fund, as OED and TSD are better suited to coordinate the various inputs required in interagency and international fora.

Strategic Planning Unit

50. The Results-Based Management Branch of SPCD is being renamed the Strategic Planning Unit (four Professional posts and two General Service posts from SPCD) and will report to the Deputy Executive Director (Programme). This shift will strengthen the linkage between policy and programmes, increase UNFPA's support to national policy-making and planning, strengthen partnerships and dialogues, and streamline results-based management principles and procedures into programming processes at the country level. It will also promote results-oriented performance of programme staff at both headquarters and in the field. Moreover, moving the functions of the Strategic Planning Unit closer to those of the geographical divisions and the Technical Support Division will further rationalize the allocation and utilization of financial resources in UNFPA's programmes.

51. Finally, knowledge sharing -- i.e., the creative use of information and communications technologies for producing, collecting and storing information and, above all, for sharing knowledge within UNFPA in order to improve the organization's effectiveness -- will be managed by a Knowledge Sharing Branch (two Professional posts and one General Service post from SPCD), redeployed from SPCD to IERD.

Humanitarian Response Unit

52. The Humanitarian Response Group, which is currently part of TSD, will become the Humanitarian Response Unit and fall under the direct responsibility of the Deputy Executive Director (Programme). As the unit charged with coordinating the Fund's response to human-made or natural disasters or crisis situations, its ability to bring together staff from different divisions to adequately respond to such emergencies will be enhanced by its location in the Office of the Executive Director. With the Deputy Executive Director (Programme) directly overseeing this unit, the Fund expects to more effectively coordinate the inputs required from various divisions (geographic, technical support, IERD) to assist country offices in dealing with emergency situations. In addition, placing this unit in the Office of the Executive Director will facilitate the decision-making process on the allocations of funds for emergency operations.

Division for Oversight Services

53. In its report, the ACABQ recommended that, as a matter of urgency, proposals be made without further delay to reorganize the audit and oversight functions of the Fund. UNFPA management has since consulted the Board of Auditors and UNDP management, including OAPR, on the matter. UNFPA views audit not only as an accountability function but also as an important managerial and learning tool. As such, an in-house audit unit fosters a closer working relationship between the unit and managers, enabling managers to better focus on operational weaknesses and to give regular attention to necessary audit follow up.

54. Oversight services have been provided through the UNFPA Audit Section located in UNDP's Office of Audit and Performance Review and UNFPA's Office of Oversight and Evaluation. The Executive Director proposes to fully integrate the UNFPA Audit Section into a new Division for Oversight Services, comprising two branches -- the Audit Services Branch and

the Oversight and Evaluation Branch. This arrangement provides a more complete, consolidated core of oversight services for the organization, promotes synergies among the various oversight services, facilitates cross analyses of the findings of these services and optimizes the use of available resources.

New posts and post reductions

55. As indicated above, because the increased focus on country offices involves incremental costs, the revised budget proposes to reduce staff at headquarters in order to offset increased post costs in the field arising from the new typology. At the same time, some new posts are proposed at headquarters. These are explained below.

56. Finance Branch. In the Finance Branch, an accounts officer is required to ensure appropriate coverage of the income-booking function, which UNFPA has taken over from UNDP effective 1 January 2002. A consultant on a Special Services Agreement currently carries out this function. The increased cost for the post will be offset by reductions in the reimbursement to UNDP, once negotiations between the two organizations on the agreement are finalized. This post is budgeted at the P-3 level.

57. Management Information Systems. In MIS, a country-support technician is required to carry out the additional workload related to UNFPA's increasing reliance on information and communications technology (ICT) and improved connectivity with country offices. This post has been budgeted at the P-2 level.

58. Office of Human Resources. The human resources strategy foresees a strengthened role for the Office of Human Resources. A P-4 post is needed for policy development and legal matters. The creation of this post will lead to reductions in the subventions currently paid to UNDP and the United Nations Secretariat for such services. An additional G-4 post to support the Personnel Branch will be established effective 2003. The functions of the Deputy Chief of the Personnel Branch have been changed to take account of the new demands in career development and corporate recruitment and reassignments.

59. Auditor post. As mentioned above, the Executive Director proposes to fully integrate the UNFPA Audit Section into a newly established Division for Oversight Services. The Division will be headed by a Director at the D-2 level (reclassified from the existing D-1 post of Chief of the OOE) and be composed of two branches: the Audit Services Branch and the Oversight and Evaluation Branch. The UNFPA Audit Section is composed of four Professional staff (one P-5 and three P-4s) and two General Service staff (G-6 and G-4) that are to be added to UNFPA's organigram.

60. Additions and reductions in core posts at headquarters are summarized in the following table.

Unit	Added	Description	Reduced	Description	Bal.
Professionals					
SPCD			-4	1 D2 Director 1 D1 Chief 1 P5 Senior strategic planning officer 1 P3 Strategic planning officer	-4
TSD			-3	1 P5 Senior technical officer 2 P4 Technical officer	-3
DMS	2	1 P3 Accounts officer (FB) 1 P2 Country-support technician (MIS)			2
DOS	4	1 P5 Chief, Audit 3 P4 Auditors			4
OHR	1	1 P4 Policy officer			1
Total	7		-7		0
General Service					
SPCD			-9	2 G5 Assistants 2 G6 Assistants 5 G4 Secretary	-9
TSD			-3	1 G6 Admin assistant 2 G5 Editorial assistant/Admin clerk	-3
IERD			-1	1 G4 Secretary	-1
DMS			-4	1 G7 Programmer (MIS) 1 G7 Senior Procurement assistant 1 G4 Secretary 1 TC4 Printing operator	-4
DOS	2	1 G6 Admin. Assistant 1 G4 Secretary			2
OHR	1	1 G4 Secretary			1
Total	3		-17		-14
Grand total	10		-24		-14

Post reclassifications

61. As anticipated in paragraph 97 of DP/FPA/2001/10, this revised proposal also includes reclassification of posts for both Professional and General Service staff that emerged from the completion of the headquarters realignment and thus could not be included in the original budget proposal. Further adjustments emerged from a validation exercise conducted during the second half of 2001. Review of posts for all categories of staff were completed for OHR, whereas for DMS only General Service posts have been reclassified.[10] The resulting reclassifications at headquarters are summarized in the following table.

Category	Upgraded	Downgraded	Total
Professionals	7	1	8
General Service	26	4	30
Total	33	5	38

[10] The reclassification of DMS professional posts will be reflected in the biennial support budget proposal for 2004-2005.

62. The net financial impact of these reclassifications is $0.3 million ($0.1 million for Professional posts, $0.2 million for General Service posts). As regards the Professional posts, two P-3s were upgraded to P-4, three P-4s to P-5, one P-5 to D-1 (in TSD) and one D-1 to D-2 (in OOE). In OOE, one P-5 was downgraded to P-4 to be redeployed to Audit Services Branch.

63. Redeployment of posts between headquarters units and adjustments in grades resulting from the reclassification can be drawn from table 5 and table III. Table III (p. 58) summarizes the staffing proposals by organizational unit and category and shows the source of funding of the posts as well. Eight posts are financed from funds other than regular resources (four Professional and four General Service staff). These posts are all located in the Procurement and Facilities Management Branch of DMS. As mentioned in paragraph 26 above, the direct costs of these posts are borne by the fees earned for the provision of procurement services to third parties and are, thus, not part of the regular resources budget. The balance of the earnings is added as income to the regular resources budget to offset the cost incurred by other parts of the Fund at headquarters and in the field in support of services provided to third parties.

Country offices

64. As reported to the Executive Board through document DP/FPA/2001/10, a Field Needs Assessment Study (FNAS) conducted in 2001 recommended that a typology of different office structures be developed based on qualitative analysis and strategic indicators. Following the FNAS recommendations, UNFPA established a working group to elaborate a revised country office typology. This exercise was completed in mid-2002. The working group discussed the issue extensively with the senior managers in the geographical divisions, reviewed the results of the FNAS with field staff at regional planning exercises, and proposed a new typology for each country office, which was subsequently presented to and endorsed by UNFPA's Executive Committee.

65. The introduction of a staffing typology based on demonstrable programme needs offers tremendous opportunities for the strategic realignment of UNFPA country offices. It provides a unique challenge for a renewed, strengthened and focused field presence and programme support and represents an important step towards the institutional strengthening of the Fund. It is an intended shift away from a sometimes ad-hoc and unsystematic staffing approach to an objective and coherent system that sets core standards for country office capacities in different environments. At the same time, some flexibility allows strategic considerations to be taken into account when determining field presence. The new typology provides a basis for developing different staff profiles and competencies for different country offices and contributes to organizing different kinds of support provided from headquarters to specific country offices.

66. The overall expected result is a better balance between staff and workload in the field. The new staffing patterns establish a different mix of skills, involving higher level posts and a strengthened field presence as the new office profiles reinforce the participation of national Professional officers and emphasize managerial capacity through the establishment of the operations manager function (44 posts proposed). The operations managers will be responsible for the administrative, financial, ICT, human resources and logistics management of UNFPA operations.

Table 5. Proposed net changes in regular resource post requirements 2002-2003

Organizational Unit	2002-2003	International professional category & above								GS and			2002-2003
		USG								Nat.	Other	Grand	
		ASG	D-2	D-1	P-5	P-4	P-3	P2/1	Total	Prof	Categ.	Total	Revised
2002-2003 APPROVED POSTS		3	8	34	88	51	18	0	202	170	648	1,020	
I. POST INCREASES/DECREASES													
A. Programme support													
1. Country offices Total (net) - A.1	778	0	0	0	4	4	0	0	8	51	(93)	(34)	744
2. Headquarters													
AD	13								0			0	13
DASE	10								0			0	10
APD	10								0			0	10
LACD	10								0			0	10
SPCD	26		(1)	(2)	(3)	(5)	(2)		(13)		(13)	(26)	0
HRU					1		1		2		1	3	3
SPU				1	1	2			4		2	6	6
TSD	38				(2)	(2)	0		(4)		(4)	(8)	30
Total (net) - A.2	107	0	(1)	(1)	(3)	(5)	(1)	0	(11)	0	(14)	(25)	82
Total (net) - A	885	0	(1)	(1)	1	(1)	(1)	0	(3)	51	(107)	(59)	826
B. Management and admin. of organ.													
OED	15								0			0	15
DOS	8				1	3			4		2	6	14
DMS	64						1	1	2		(4)	(2)	62
IERD	30				2	2			4		1	5	35
OHR	18					1			1		1	2	20
Total (net) - B	135	0	0	0	3	6	1	1	11	0	0	11	146
Total: Post increases/decreases (net	1,020	0	(1)	(1)	4	5	0	1	8	51	(107)	(48)	972
II. POST RECLASSIFICATIONS													
A. Programme support									0				
Headquarters				1	1	0	(2)		0		16		
Country Offices						9	(9)		0				
Total (net)	0	0	0	1	1	9	(11)	0	0	0	16		
B. Management and admin. of organ.													
OED									0				
DOS			1	(1)	(1)	1			0				
OHR									0		6		
DMS									0		5		
IERD					2	(2)			0		3		
Total (net) - B		0	1	(1)	1	(1)	0	0	0	0	14		
Total: Post classification (net)		0	1	0	2	8	(11)	0	0	0	30		
Total Changes (net)		0	0	(1)	6	13	(11)	1	8				
2002-2003 PROPOSED POSTS		3	8	33	94	64	7	1	210	221	541	972	

67. As part of the realignment, some cuts are also proposed in a number of country office core posts. These cuts, however, have to be seen in the context of the overall staffing models under the new typology, which also includes additional posts from programme resources. Both sources of funding play an essential and complementary role. The proposed typology entails a balance between support budget posts and posts financed from programme funds, reflecting the responsibilities needed to support programme implementation and monitoring. This approach is supported by the fact that UNFPA implements a high proportion of projects under the national execution modality, which demands significant time and support from country offices.

68. UNFPA is planning to begin the transition to the new country office typology as soon as the new budget is approved and to complete its establishment by mid-2003. As indicated above, the upgrading of post profiles at the country level is offset by post reductions at headquarters.

69. This revised budget includes a provision for six months of the new typology in 2003. Furthermore, funds have been set aside in the budget for appropriate compensation of contract termination for staff sitting on posts that are not foreseen under the new typology ($2.0 million). Additional funds estimated at $2.0 million required for termination are expected to be met through earmarked contributions from donor countries and are included in the revised budget as one-time costs.

70. Depending on specific country situations, UNFPA requires a different presence. Four categories of countries were identified:

(a) Type I: Countries where no UNFPA presence is needed either because of the small scale of operations or because the countries are not programme countries for UNFPA assistance;

(b) Type II: Countries where some UNFPA presence is needed, but where, because of the countries' relatively high level of achievement vis-à-vis the ICPD goals, the Fund's presence will be very specifically directed;

(c) Type III: Countries that need a larger UNFPA presence because of the scope of the UNFPA programme;

(d) Type IV: Countries that require a robust UNFPA presence either because of their relative distance from ICPD goals and/or because of complex situations such as conflict or ongoing reconstruction or recovery programmes.

Each country office to which UNFPA's programme extends was assigned to one of the four typology groups according to a two-step methodology. The methodology is explained in the box below.

Methodology for the determination of country office typology

The first step of the methodology consists in assigning each country to a particular category based on its designation as an "A", "B", "C", "T", or "O" country in accordance with the system for the allocation of UNFPA resources to country programmes endorsed by the Executive Board in decision 2000/14 (see annex III). The second step consists of a further analysis of the country situation and the application of typology-specific criteria and thresholds. The UNFPA resource allocation system is used as a first basis for determining field presence as it provides a useful indication of a country's support needs vis-à-vis the achievement of ICPD goals. The system also reflects the level of national capacity and indicates the likely workload associated with a specific category. As the resource allocation system does not capture the specific circumstances of each country or strategic aspects that must be taken into account in determining the size and kind of UNFPA's country presence, the second step of the methodology rounds out the analysis by considering a country's specific circumstances such as the existence of large pockets of poverty; weak institutions for national execution; complexity of population and reproductive health issues; potential for resource mobilization; country size; and annual programme expenditure. The methodology thus considers country office staffing needs on a case-by-case basis. The outcome of the two-step process is either a confirmation of the country office's staffing in the category based on its designation as per step 1, or the establishment of the need for corrective measures towards additional or reduced staff.

71. The proposed addition in Type IV offices of an operations manager post seeks to respond to the increased workload in finance and administration resulting from the implementation of national execution and the increased complexity of field operations and coordination. Adjustments per region in posts required by the implementation of the new typology are summarized in the table below.

72. The table indicates that eight new international Professional posts will be added to country offices and that the number of substantive local staff (NPOs and operations managers) will increase by 30 per cent, from 170 to 221. Furthermore, while the number of mid-level posts (NPA/NAF) stays largely the same, net reductions (27 per cent) are planned for the local clerical posts (NS&C and "other") in all regions.

Region		Posts									
		Rep	IPO	Total Int'l	NPO	Op Manager	NPA/ NAF	NS&C	Other	Subtotal local	All Grades
Africa	**Current**	34	8	**42**	78	0	72	81	83	**314**	**356**
	Additions	1	2	**3**	8	28	10	7	0	**53**	**56**
	Reductions	0	-1	**-1**	-5	0	-6	-13	-48	**-72**	**-73**
	Net	1	1	**2**	3	28	4	-6	-48	**-19**	**-17**
	Proposed	35	9	**44**	81	28	76	75	35	**295**	**339**
Asia	**Current**	16	5	**21**	37	0	44	46	37	**164**	**185**
	Additions	3	3	**6**	7	10	11	7	2	**37**	**43**
	Reductions	-1	0	**-1**	-5	0	-15	-14	-21	**-55**	**-56**
	Net	2	3	**5**	2	10	-4	-7	-19	**-18**	**-13**
	Proposed	18	8	**26**	39	10	40	39	18	**146**	**172**
DASE	**Current**	13	2	**15**	32	0	32	33	20	**117**	**132**
	Additions	2	2	**4**	1	3	8	5	2	**19**	**23**
	Reductions	-2	-1	**-3**	0	0	-7	-3	-9	**-19**	**-22**
	Net	0	1	**1**	1	3	1	2	-7	**0**	**1**
	Proposed	13	3	**16**	33	3	33	35	13	**117**	**133**
LACD	**Current**	10	3	**13**	23	0	24	33	12	**92**	**105**
	Additions	1	1	**2**	2	3	1	1	1	**8**	**10**
	Reductions	0	-2	**-2**	-1	0	-3	-7	-2	**-13**	**-15**
	Net	1	-1	**0**	1	3	-2	-6	-1	**-5**	**-5**
	Proposed	11	2	**13**	24	3	22	27	11	**87**	**100**
Total	**Current**	73	18	**91**	170	0	172	193	152	**687**	**778**
	Additions	7	8	**15**	18	44	30	20	5	**117**	**132**
	Reductions	-3	-4	**-7**	-11	0	-31	-37	-80	**-159**	**-166**
	Net	4	4	**8**	7	44	-1	-17	-75	**-42**	**-34**
	Proposed	77	22	**99**	177	44	171	176	77	**645**	**744**

NPO: National Programme Officer
NPA/NAF: National Programme/Finance Assistant
NS&C: National Secretary & Clerk
IPO: International Programme Officer
Other: includes cleaners, drivers and messengers

73. With regard to the various regions, in Africa, where the need for UNFPA assistance is generally greater, the increase in substantive local staff is as high as 39.7 per cent. Moreover, 31 out of the net 51 substantive local posts[11] created are for the Africa Region. With regards to priority countries, the table below indicates that, of the net 51 substantive local posts (NPOs or operations managers) established through this proposal, 46 posts, or 90 per cent, would be in offices for category "A" countries, that is, in countries where the need for UNFPA assistance and support is greatest. The remaining 5 posts would be for country offices covering multiple countries.

[11] Net addition of 44 operation managers plus 7 NPOs.

Priority Group	A	B	C	T	O	Total
Total additions in core field posts	96	20	7	9	0	132
Total reductions in core field posts	-101	-33	-26	-4	-2	-166
Net change	-5	-13	-19	5	-2	-34
Net change in substantive local posts*	46	4	0	1	0	51
*NPOs + operations managers						

74. As regards international posts, the table below indicates in which country offices changes (additions or reductions) are proposed, primarily as a result of the new typology, by category of post:

Region	Country office	Representative		IPO		Office Status	
		New	Abolished	New	Abolished	New	Abolished
Africa	Cent. Afr. Rep.				(1)		
	Congo, DRC			1			
	Liberia	1					
	Mauritius						(1)
	South Africa			1			
Asia	Afghanistan	1		1		1	
	Cambodia			1			
	East Timor	1				1	
	Fiji			1			
	Malaysia						(1)
	Myanmar	1					
	Thailand		(1)				
DASE	Albania		(1)				
	Egypt				(1)		
	Iraq a/	1				1	
	Jordan		(1)				
	Russian Fed.	1					
	Sudan			1			
	Yemen			1			
LACD	Bolivia				(1)		
	Honduras			1			
	Paraguay	1					
	Peru				(1)		
Total		7	(3)	8	(4)	3	(2)
a/ In DP/FPA/2001/10 only the NPO post for Iraq was charged to the biennial support budget.							

75. It should be noted that the new typology extends to both programme and programme-support posts. With regard to programme budget posts, for Type I all posts will be charged to programme. In Type II, core national staff will be charged to the biennial support budget, and national programme staff charged to the programme budget. In Type III, core international and national staff will be charged to the biennial support budget; national programme staff will be charged to programme. Type IV office arrangements will be the same as in Type III countries. Table IV (p. 60) provides the detailed distribution by country office of both programme and programme-support posts.

Reclassifications

76. Based on the findings of the FNAS, it was determined that the functions and responsibilities of UNFPA Deputy Representatives in country offices should be at the P-4 level at the minimum. Hence, in the context of this revised biennial support budget proposal, nine P-3 IPOs posts are proposed to be upgraded to the P-4 level (cost increase: $0.17 million). Further adjustments resulting from the competency framework referred to in paragraphs 86, 87 and 89 may be introduced in the budget for the 2004-2005 biennium.

New country offices

77. The revised budget proposes the establishment of three new country offices: Afghanistan, East Timor and Iraq.

78. Afghanistan. UNFPA's assistance to Afghanistan was disrupted in the late 1980s and again in the 1990s. In response to General Assembly resolution A/RES/52/211a – Emergency international assistance for peace, normalcy and reconstruction of war-stricken Afghanistan – UNFPA resumed its assistance to the country in December 1997.

79. Soon after the resumption of activities, all the major United Nations funds and programmes reestablished offices in Kabul headed by their respective Representatives or Country Directors. UNFPA established a Chief of Operations post in Afghanistan at the beginning of 2002. The Chief of Operations has represented UNFPA in the country since 14 March 2002, and the cost of the post has been charged thus far to the Afghanistan programme. UNFPA proposes to shift the post of Chief of Operations to the biennial support budget and establish adequate support staff under the same funds. The office will be composed of a UNFPA Representative and Deputy Representative, two NPOs, one operations manager, two NPAs/NAFs, and three clerical staff.

80. East Timor. UNFPA established a Chief of Operations post in East Timor at the beginning of 2002. In view of the high maternal and infant mortality rates in the world's youngest country, the Special Representative of the Secretary-General for East Timor had, on a number of occasions, requested UNFPA to establish representation in order to increase the impact of UNFPA assistance. When the Chief of Operations was established, it was decided at the same time that it was to be converted into a regular Representative post after the independence of East Timor, which took place on 20 May 2002. In addition to the Representative, the office will be composed of two NPOs, two NPAs/NAFs, and three clerical staff.

81. Iraq. An NPO post was established in the original biennial support budget for 2002-2003 due to the deterioration of health conditions in the country. A fully fledged country office with a UNFPA Representative is now being proposed in order to provide sufficient support to UNFPA-supported population and reproductive health activities. In addition to the Representative and the NPO, the office will be staffed with two NPAs/NAFs and three clerical staff.

Abolished country offices

82. The revised budget proposes to abolish of two country offices: Malaysia and Mauritius.

83. Malaysia. In accordance with UNFPA's resource allocation system, Malaysia is classified as a "C" country. Both economic and social indicators indicate that Malaysia is a country with reduced requirements for direct UNFPA assistance. The Fund's contribution to Malaysia decreased considerably in recent years, and the Fund decided that, in order to provide cost-effective support, it would continue to extend programme funds provided that the Government would cover all operational and personnel costs of the country office. The office is currently staffed by three local posts.

84. Mauritius. Mauritius is classified as a category "C" country in view of its overall socio-demographic and economic indicators. UNFPA's involvement in Mauritius has been rather limited in recent years. Therefore, maintaining an office in Mauritius is not deemed cost-effective. The office is currently staffed by four local posts.

2. Human resources strategy

Overview

85. In response to decision 2001/16, UNFPA has been requested to report to the Executive Board at its second regular session 2002 on the implementation of a human resources development strategy. The strategy aims at creating a more open, forward thinking and professional organization with emphasis on innovation, leadership, management, advocacy and strategic thinking. The strategy is closely correlated with UNFPA's programmatic and strategic vision and aims at enabling and preparing representatives and managers to take a strong leadership role in the achievement of the ICPD and MDG goals. The human resources strategy will concentrate on supporting UNFPA's country operations through a more rational and strategic deployment of human resources throughout the organization, a better matching of staff profiles to job requirements, an increased staff exchange between headquarters and field, and improved human resources planning.

86. To meet the challenges ahead, UNFPA requires the highest caliber of staff to embrace the new strategic direction and vision of the organization. Increased emphasis will be placed on competency development and learning, and UNFPA will seek the best talent among internal and external candidates to ensure an adequate response to its human resources needs. Accountability for delivering results and demonstrating managerial and leadership competencies will be increased. The best management practices and behaviour standards will be institutionalized through a competency framework and performance management system.

87. The strategy provides the instruments and tools to achieve these goals and maps out wide-ranging changes to policies, procedures, mechanisms and systems pertinent to all aspects of human resources management. Central to this transformation is the development of a competency framework as the basis for career management, staffing and organizational design.

88. The strategy's focus is on the following four main elements:

(a) A career development and management system that includes the introduction of career planning, major improvements in performance management and the establishment of a staff development policy and learning programmes;

(b) Improvements in vacancy management, recruitment, rotation and contracting;

(c) The introduction of human resources planning, improvements in job classification and a review of outsourced human resources administrative services;

(d) The definition of management principles, the introduction of formal mechanisms for conflict resolution and staff management relations, and staff welfare policies addressing work-life issues, HIV/AIDS and security matters.

89. UNFPA's human resource management system needs to be grounded in a solid system of job design and classification. Classification of posts will be based on job descriptions that incorporate not only functional requirements but competency requirements as well. This will ensure the matching of staff skills and competencies to the requirements of the post, ensuring that the classification is based on substantive achievement, competency development and staff growth. Staff will be encouraged to enhance performance and seek opportunities to develop their competencies and build skills that will allow them to assume additional responsibilities and move within and across career streams.

Time frame

90. The implementation plan of the human resources strategy foresees a time frame of approximately 18 months, from June 2002 to December 2003. The development of an organizational competency framework as the basis for career development, performance appraisal, recruitment, reassignments and human resources planning is to be completed by the end of September 2002. Based on the framework, a new performance management system will be introduced and rolled out in January 2003. It is envisaged that important elements of the career planning framework and revised recruitment and reassignment policies and procedures will also be completed by the end of 2003. The development of assessment tools, the introduction of human resources planning, simplification of contractual modalities and the establishment of staff development and welfare policies are planned for 2003.

Funding

91. The implementation of the human resources strategy will be funded exclusively from extrabudgetary resources under the transition project, and no costs related to its implementation are expected to be borne by the biennial support budget. On the other hand, once the implementation is completed, running costs will arise, and these will be reflected in the 2004-2005 biennial support budget proposal.

3. Oversight services

Division for Oversight Services

92. As indicated previously, UNFPA is strengthening its audit functions by upgrading the Office of Oversight and Evaluation to a Division for Oversight Services, headed by a Director and comprising two branches -- the Audit Services Branch and the Oversight and Evaluation Branch. UNFPA will continue its collaboration with UNDP/OAPR, particularly its Regional Audit Service Centres, in effecting audits of country offices.

93. The Audit Services Branch will be composed of the full staff complement of the current section at UNDP, including one Chief, three Audit Specialists and two support staff. In addition, the current Professional post in the OOE that serves as UNFPA's audit focal point will be assigned to the Audit Services Branch to augment its capacity immediately by one Audit Specialist. The Branch will continue to be responsible for discharging the internal audit function for headquarters as well as field organizational units.

94. The cost of the services provided by UNDP/OAPR will continue to be funded through the annual subvention payment. The arrangement for the use of UNDP/OAPR's services will be formalized in an annual memorandum of understanding, as is the case at present. UNFPA will explore the most cost-effective modalities to ensure global audit coverage and to weigh the pros and cons of outsourcing, within the context of prudent income projections. The Executive Director will make every effort to safeguard audit resources as much as possible even at times of budgetary constraints.

95. The Oversight and Evaluation Branch will continue to perform the functions of the former OOE in supporting and improving management-control systems and the accountability of UNFPA. This involves assessing organizational performance, undertaking independent studies and evaluations of organizational policies and strategies, setting organizational standards for monitoring and evaluation and guiding monitoring and evaluation practices.

96. The Director will exercise leadership and provide overall guidance to the Division and advise the Executive Director on strategies to fulfill oversight responsibilities while facilitating the accountability of and learning for the organization. The budgetary impact of this adjustment is an increase in volume for posts totaling $0.6 million, which will be entirely offset by a reduction in the same amount under "reimbursement". Other increases in volume deriving from higher direct costs and increased share of apportionment of common costs (such as rent) lead to a total increase for audit and oversight services of $1.2 million.

4. Staff training and development

97. The total proposed revised training budget for the 2002-2003 biennium amounts to $2.4 million. Of this amount, 75 per cent, or $1.8 million, will be used for the training of field staff while the remainder will be used for the training of headquarters staff. As indicated in document DP/FPA/2001/10, the training budget for the 2002–2003 biennium aims at supporting a coherent

set of training and learning activities to enhance the operational, substantive and managerial competencies of staff members, both at headquarters and in country offices.

98. As a result of austerity measures adopted in 2002, UNFPA has had to scale back on a number of planned training events. Specifically, a number of workshops had to be postponed on the results-based approach to programming; on managerial and leadership skills; and on communication. These workshops will be reinstated in 2003, redesigned to take into account the new typology of country offices. These and all other workshops have been conceived on the basis of the competency framework for managers and the new performance management system proposed under UNFPA's human resources strategy. Funds will be also set aside to train managers in coaching skills and to establish a mentoring programmme.

99. As a part of the transition process, UNFPA is developing a training and learning strategy. This strategy will provide the framework for creating a culture of learning at UNFPA with the emphasis on both individual and team learning. The strategy will also propose an action plan on how to strengthen staff capacity to meet the evolving needs of the Fund.

5. Information and communications technology strategy

100. The field needs assessment strategy stressed the need to strengthen the capacity of country offices to deliver their programmes more effectively and efficiently. Improving financial systems, strengthening human resources, institutionalizing results-based management and fostering a culture of knowledge sharing in the Fund all rely on making information and communications technologies easily accessible to all staff in all locations.

101. In order to build the capacity of country offices, UNFPA is proposing to strengthen existing ICT services in the following areas: (a) Integrated Management Information Systems (IMIS); (b) Resource Management System (RMS); (c) Enterprise Resource Planning (ERP); (d) country office connectivity; and (e) office automation systems.

Integrated Management Information Systems

102. IMIS Release 3 (finance) has been implemented in UNFPA since early 1999. Thus far, UNFPA has not been able to adapt and use the existing functionalities of IMIS to their fullest extent, mainly because it is not available outside headquarters and extensive configuration enhancements are required. However, UNFPA has successfully implemented the IMIS payroll function and continues to improve user understanding and functionality. Throughout 2001, UNFPA developed new data bridges to IMIS. In 2002, additional bridges were designed to enable transfer of information from disparate UNFPA systems to IMIS.

Resource Management System

103. In decision 2001/16, the Executive Board approved funding of an RMS. This was envisaged to fill the gaps left by IMIS and other UNDP systems and also to cater to programme needs, in particular, programme formulation, implementation and monitoring as well as results-

based management. It was assumed that, as long as UNDP continued to use IMIS, IMIS would be the official financial system of UNFPA.

104. The decision by UNDP to migrate its computer systems from IMIS to an Enterprise Resource Planning (ERP) system has provided an opportunity for UNFPA to rethink its strategy towards the development of its own RMS. As a result, the Fund has decided to use the ERP system and has engaged a consultancy firm to assist it in determining the best modality for its involvement in this project.

105. In the meantime, UNFPA has decided not to spend in full the amount of $3.5 million appropriated in 2002-2003 for the purpose of RMS ($3.2 million) and other systems development activities ($0.3 million) and is proposing to reduce this amount to $1.94 million ($0.99 million for RMS) in the context of the revised 2002-2003 biennial support budget. This amount will be used to enhance WinPRMS and WinUNIFOS, develop web-based applications mainly for country offices, and assess and carry out the preparatory work required for the ERP project. Systems development work in the area of WinPRMS/WinUNFOS and web-based applications will be carried out by consultants and, occasionally, under procurement contracts.

Enterprise Resource Planning project

106. It is anticipated that the ERP project will: (a) allow integration of financial, accounting and programme finances; (b) provide budget formulation modules both for programme/project purposes and for the biennial support budget in all locations; (c) provide human resources functions at international and local levels for all types of staffing; (d) be centralized in terms of storage but decentralized in operations and access; and (e) provide balanced scorecard and key performance indicators (KPI) functions. The ERP system could be configured to meet UNFPA's specific financial and programme needs.

107. The decision to select an ERP system involves licensing fees of the software, annual maintenance fees for the licenses, hardware upgrades to host the new systems, and the cost of configuring the system. The cost of the initial configuration of the system would be the most expensive activity. UNFPA will be working closely with UNDP to ensure that UNFPA's system and user needs are met. The overall share of the ERP implementation in 2002-2003 for UNFPA is projected at $10.0 million. The breakdown of planned expenditures is listed in the following table.

Planned expenditures for the ERP project, 2002-2003 (US$ millions)			
Activity	**2002**	**2003**	**Total**
Business process reengineering and systems development	1.75	3.45	5.2
Licenses		1.0	1.0
Maintenance		0.2	0.2
Hardware		0.2	0.2
Software		0.4	0.4
Implementation and training	0.50	2.5	3.0
Total	**2.25**	**7.75**	**10.0**

UNFPA requests that the Executive Board authorize UNFPA to implement this project, which is planned for completion within the 2002-2003 biennium.

Connectivity

108. The implementation of the ERP project assumes centralized databases and data repositories and decentralized access – all of which requires robust connectivity with country offices. Connectivity and communications are also key factors for fostering knowledge sharing and integrated global access to data information. The Executive Director has set a target to connect all UNFPA country offices and headquarters by the end of the next biennium. Specifically, the Executive Director has decided to ensure that all of the Fund's country offices in category "A" countries have improved connectivity by the end of the current biennium.

109. During 2002-2003, UNFPA is reviewing the needs of each country office with regard to local Internet access. UNFPA will utilize, wherever possible, either existing or proposed UNDP satellite connections or other available connection options. All proposed connections provide, in addition to e-mail and Internet connection, application connectivity, data synchronization, an environment for virtual discussion and collaboration forums and easy access to repositories of data and information. UNFPA expects to spend $2.7 million for connectivity (for both usage and infrastructure) with country offices.

Office automation systems

110. The overall revised budget for MIS for 2002-2003 (recurrent costs) reflects a reduction compared to the previous biennial support budget (excluding posts). This has been made possible mainly by the introduction of full standardization and implementation of a policy on replacement of computer hardware and software. This reduction is significant considering that the demand for computerization and related services has increased. While the office automation suite of the Fund will remain unchanged, UNFPA will migrate to the newest version of the Windows operating system, such as Windows 2000, Microsoft Office 2000 or a later version. UNFPA's Netscape license has been renewed for 2002 for continuity. No decision has been taken as to the future e-mail platform for the Fund.

Table 6. Estimated distribution of information technology requirements, 2002-2003 (revised)
(Thousands of United States dollars)

Purpose	Staff Cost	Contractual Services: Systems development contracts	Contractual Services: Maintenance / Service Contracts	Hardware/ Software/ Supplies	Other	Total
RECURRENT MAINTENANCE						
2002-2003	2,316.7	632.4	598.9	1,752.4	702.4	6,002.7
2002-2003 revised	2,565.0	954.6	1,304.4	1,362.1	0.0	6,186.1
DEVELOPMENT OF MAJOR SYSTEMS						
RMS						
2002-2003	0.0	2,635.0	0.0	26.2	531.2	3,192.4
2002-2003 revised	0.0	990.0	0.0	0.0	0.0	990.0
Connectivity						
2002-2003	0.0	0.0	906.4	190.0	0.0	1,096.4
2002-2003 revised	0.0	0.0	0.0	0.0	1,120.5	1,120.5
Subtotal: Development of major systems						
2000-2001	0.0	2,635.0	906.4	216.2	531.2	4,288.8
2002-2003 revised	0.0	990.0	0.0	0.0	1,120.5	2,110.5
GRAND TOTAL						
2002-2003	2,316.7	3,267.4	1,505.3	1,968.6	1,233.6	10,291.5
2002-2003 revised	2,565.0	1,944.6	1,304.4	1,362.1	1,120.5	8,296.6
EXTRABUDGETARY						
ERP project						10,000.0

6. Public Information and communication strategy

111. This revised budget proposal includes $1.6 million to sustain programme-support activities implemented by the Information, Executive Board and Resource Mobilization Division, primarily for printing and promotional materials. The need for effective advocacy by UNFPA is greater than ever. It is imperative for UNFPA to market itself more effectively; widen its advocacy to reach sectors beyond health and gender; emphasize the importance of reproductive rights and health for development; and increase resources in support of population programmes in both donor and programme countries. Marketing UNFPA and widening UNFPA's advocacy relies on a number of strategic activities, including an image campaign, web activities, advocacy training for all staff, publications, video productions, special events, such as World Population Day, and media campaigns.

Resource mobilization

112. UNFPA's involvement in the millennium development goals has resulted in an adjustment of the Fund's funding target to $300 million. UNFPA is vulnerable to fluctuations in the funding level of its top 10 donors, which contribute over 95 per cent of the Fund's regular resources. For 2002, it is estimated that four major donors will contribute as much as 65 per cent of the Fund's regular resources. Fluctuations can also be attributed to the strength of the US dollar vis-à-vis most European currencies, shifts and downturns in the political and economic climate of many countries, and donor sensitivities to the mandate of UNFPA.

113. The Fund's goal is to create more balanced funding by widening and broadening the donor base to ensure that UNFPA is less dependent on only a few major donors and by working to increase pledges from the Fund's other major donors. The $300 million per year fundraising target is achievable as there are encouraging signs of emerging strong financial and political support from several high-potential donors. UNFPA plans to diversify its major donor base through a strategy involving programme-awareness missions; sensitization of Executive Board members; the use of the Face-to-Face Campaign and Goodwill Ambassadors; profiles of programme countries; and country-specific fundraising campaigns.

7. Common premises: Use of the Reserve for Field Accommodation

114. The United Nations Working Group on Common Premises and Services is mandated with establishing at least five United Nations Houses per year. This is also dictated by General Assembly resolutions on this matter. The cost for this will be charged to the Reserve for Field Accommodation. The Fund has replenished the reserve to its agreed level of $5.0 million. In 2002, the Secretary-General inaugurated two new United Nations Houses – one in Barbados in January (no UNFPA presence) and one in East Timor in May. Three additional projects are under way and should be completed later in the year. For 2003, United Nations House projects and/or serious proposals are under way or under review in a number of countries.

8. Security costs in the field

115. In light of recent events around the world considerable focus has been placed upon the issue of security. This is reflected also in recent General Assembly resolutions on this matter. The revision requested in this budget line reflects feedback on security issues received from both country office focal points and the Office of the United Nations Security Coordinator directly concerning the need to upgrade security at all levels. In order to ensure mandatory compliance with United Nations Minimum Operating Safety and Security Standards (MOSS) concerning residential security and communications, appropriations have been increased by a net 10 per cent from $1.0 million to $1.1 million.

9. New York premises (renovation)

116. A provision of $0.65 million is required to cover shortfalls in the renovation budget. This revision is occasioned by the changing needs of the organization, which have become apparent within the realignment exercise. Existing office space must be brought up to the required standards. Although the total renovation budget has been reduced from preliminary estimates, the above provision is needed to ensure that UNFPA offices are fully compliant with the American Disabilities Act, to install security equipment and to upgrade air conditioning for interior areas.

10. Reimbursement to the United Nations

117. The revised estimates have been adjusted in light of the shift of the UNFPA Audit Section at UNDP to UNFPA. The total reduction in volume is approximately $0.6 million.

11. Technical Advisory Programme

118. UNFPA's Technical Advisory Programme has provided technical expertise to countries assisted by UNFPA since 1992. While the system's ability to provide integrated, coordinated and multidisciplinary expertise has recorded accomplishments, it also has encountered shortcomings, including the lack of flexibility and synergy among different parts of the system and constraints encountered by technical specialists based in the headquarters of participating United Nations agencies in carrying out their roles to maximum effect.

119. To address these issues the new Technical Advisory Programme has been adjusted by: (a) reducing the total number of advisers from 131 to 78 and changing the mix of skills of the specialists on CSTs in line with the specific needs of the countries of the subregions which they assist; (b) modifying the terms of reference of the CSTs towards more strategic interventions; (c) placing greater emphasis on knowledge sharing and on the use of national and regional sources of technical support; and (d) enhancing the flexibility of technical support by enabling CSTs to supplement their staff with short-term consultants. The new programme also has eliminated the technical specialist posts at the headquarters of participating United Nations agencies and has steered these resources towards developing more effective and results-based partnerships.

120. The Executive Board approved $76 million for the TAP[12] [13] for the four-year period 2002-2005 (decision 2000/3). Eighty per cent of these resources are accounted as programme activities (CST posts, CST activities, and the strategic partnership programme with United Nations agencies). The remaining 20 per cent falls under programme support (CST office costs and headquarters management). The implication of the TAP for the revised 2002-2003 biennial support budget is reflected in table 1 as the $7.6 million figure under "Agencies, technical support" (compared to $10.0 million in the original biennial support budget for 2002-2003, which was based on TAP costs of $40.0 million for the biennium, of which 25 per cent was charged to programme support).

B. Programme support

121. Programme support is the largest component in UNFPA's budget proposal. It is composed of two appropriation lines – programme support at headquarters and programme support at country offices, which together account for 69.3 per cent of the total proposed budget. Table 7 shows the regional distribution of programme and programme-support funds for 2002-2003 for both the original and revised projections. Consistent with Executive Board decision 2000/19 on the allocation of UNFPA resources as well as with the MYFF, the table shows Africa as the region receiving the largest share of regular programme funds, accounting for 28.0 per cent of regular resources, or $157.9 million. This is followed by the Asia and the Pacific region with $136.3 million, or 24.2 per cent; the Arab States and Europe at $64.1 million, or 11.4 per cent; and Latin America and the Caribbean at $46.5 million, or 8.2 per cent. Africa will also receive the largest amount of pogramme-support funds, which is consistent with the large number of country offices in the region.

122. Combining regular and other resources for programme and programme support, Africa will receive $219.9 million, or 28.9 per cent of total UNFPA funds planned under this revised proposal, while Asia and the Pacific will receive $195.4 million, or 25.7 per cent. Corresponding amounts for the Arab States and Europe region and the Latin America and Caribbean region are estimated to be $88.3 million (or 11.3 per cent) and $62.3 million (or 8.2 per cent), respectively. Intercountry programmes make up 14.6 per cent. This results in a total of $720.1 million, or 94.6 per cent for regular programme and programme support for 2002-2003, as compared to 93.9 per cent as reflected in document DP/FPA/2001/10. The proportion of total resources applied to management and administration of the organization as compared to DP/FPA/2001/10 decreases from 6.1 per cent to 5.4 per cent in this revised proposal.

1. Country offices

123. The proposed revised appropriation for country offices, in the amount of $76.0 million (gross), shows a net decrease of $6.0 million (or 7.4 per cent) compared to the original appropriation proposed in DP/FPA/2001/10. As shown in table I (p. 56), the net volume adjustment in the field accounts for most of the total decrease (55.0 per cent).

[12] Formerly known as Technical Support Services (TSS).
[13] Document DP/FPA/2002/3

Table 7. Use of resources: Estimated regional distribution of Programmes and Programme Support
(Thousands of United States dollars) a_/

	2002-2003						2002-2003 Revised					
	Regular resources Amount	%	Other resources Amount	%	Total resources Amount	%	Regular resources Amount	%	Other resources Amount	%	Total resources Amount	%
AFRICA												
A. Programmes	128,025.1		38,690.0		166,715.1		125,549.7		61,978.5		187,528.2	
B. Programme support												
Country offices	31,018.7				31,018.7		28,588.1				28,588.1	
Africa Division	3,965.6				3,965.6		3,770.8				3,770.8	
Subtotal - Prog. support	34,984.3		0.0		34,984.3		32,358.8				32,358.8	
Total Africa	163,009.4	28.5%	38,690.0	31.6%	201,699.4	29.0%	157,908.6	28.0%	61,978.5	31.4%	219,887.0	28.9%
ARAB STATES AND EUROPE												
A. Programmes	44,580.4		13,472.5		58,052.9		48,980.7		24,179.6		73,160.3	
B. Programme support												
Country offices	13,396.3				13,396.3		12,191.5				12,191.5	
Div. for Arab States/Europe	3,071.8				3,071.8		2,909.6				2,909.6	
Subtotal - Prog. support	16,468.1		0.0		16,468.1		15,101.1				15,101.1	
Total Arab States and Europe	61,048.5	10.7%	13,472.5	11.0%	74,521.0	10.7%	64,081.8	11.4%	24,179.6	12.2%	88,261.4	11.6%
ASIA AND THE PACIFIC												
A. Programmes	126,152.5		38,124.1		164,276.6		119,582.0		59,032.5		178,614.5	
B. Programme support												
Country offices	14,389.6				14,389.6		13,865.6				13,865.6	
Asia and the Pacific Division	3,019.3				3,019.3		2,885.4				2,885.4	
Subtotal - Prog. support	17,408.9		0.0		17,408.9		16,751.0				16,751.0	
Total Asia and the Pacific	143,561.4	25.1%	38,124.1	31.1%	181,685.5	26.2%	136,333.0	24.2%	59,032.5	29.9%	195,365.5	25.7%
LATIN AMERICA & CARIBBEAN												
A. Programmes	29,764.1		8,994.9		38,759.0		31,990.7		15,792.4		47,783.2	
B. Programme support												
Country offices	12,627.1				12,627.1		11,550.3				11,550.3	
Latin America & the Carib. Div.	3,106.6				3,106.6		2,932.8				2,932.8	
Subtotal - Prog. support	15,733.7		0.0		15,733.7		14,483.0				14,483.0	
Total Latin America & Caribbean Division	45,497.8	8.0%	8,994.9	7.3%	54,492.7	7.8%	46,473.8	8.2%	15,792.4	8.0%	62,266.2	8.2%
INTERCOUNTRY												
A. Programmes	64,917.5		19,618.5		84,536.0		64,439.6		31,811.0		96,250.6	
B. Programme support												
Technical Support Div.	11,609.0				11,609.0		10,025.2				10,025.2	
Strategic Planning Coordination Division b_	7,943.4				7,943.4		4,965.4				4,965.4	
Subtotal - Prog. support	84,470.0		0.0		104,088.5		14,990.5				111,241.1	
Total Intercountry	84,470.0	14.8%	19,618.5	16.0%	104,088.5	15.0%	79,430.1	14.1%	31,811.0	16.1%	111,241.1	14.6%
TOTAL UNFPA												
A. Programmes	393,439.6		118,900.0		512,339.6		390,542.7		192,794.0		583,336.7	
B. Programme support												
Country offices	71,431.7		0.0		71,431.7		66,195.4		0.0		66,195.4	
Headquarters	32,715.8		0.0		32,715.8		27,489.1		0.0		27,489.1	
Subtotal - UNFPA Prog.sup.	104,147.5		0.0		104,147.5		93,684.5		0.0		93,684.5	
Subtotal - UNFPA Prog. & Prog. sup	497,587.1	87.0%	118,900.0	97.1%	616,487.1	88.8%	496,227.2	88.0%	192,794.0	97.6%	689,021.2	90.5%
UN Agency support	32,000.0	5.6%	3,600.0	2.9%	35,600.0	5.1%	26,370.0	4.7%	4,681.0	2.4%	31,051.0	4.1%
Total Programmes & Prog.support	529,587.1	92.6%	122,500.0	100.0%	652,087.1	93.9%	522,597.2	92.7%	197,475.0	100.0%	720,072.2	94.6%
C. Management & admin. of org	42,312.9	7.4%	0.0	0.0%	42,312.9	6.1%	41,441.8	7.3%	0.0	0.0%	41,441.8	5.4%
D. ONE TIME REQUIREMENTS												
ERP project							10,000.0				10,000.0	
Additional requirements for term. payments							2,000.0				2,000.0	
D. Total							12,000.0	2.1%	0.0	0.0%	12,000.0	1.6%
TOTAL - UNFPA	571,900.0	100.0%	122,500.0	100.0%	694,400.0	100.0%	564,039.0	100.0%	197,475.0	100.0%	761,514.0	100.0%

a_/ Breakdown for Regular Resources between country and intercountry based on MYFF for 2000 - 2003, DP/FPA2000/6; Table 3, page 23.
b_/ In "2002-03" SPCD; in "2002-03 Revised" combines: SPCD, SPU and HRU.

124. In spite of the total reduction in appropriations of $6.0 million, the amount for country offices remains constant at approximately 49.0 per cent of the total gross appropriation and 70.6 per cent of the total programme support of $107.6 million (up from 68.6 per cent in document DP/FPA/2001/10). Under "Programme support, country offices", table I gives a breakdown of the estimates by region. All regions have negative adjustments both in cost and volume, with the exception of the Asia and Pacific region, where a slight positive adjustment in cost has been estimated due to the combined effect of local inflation and exchange rates between local currencies and the US dollar.

125. In table II (p. 57), the revised estimates are broken down by object of expenditure and appropriation line. An explanation of the most significant variations follows.

(a) Posts. The largest component of the budget is for staff costs. The proposed appropriation for country offices is $55.4 million, 72.9 per cent of the total proposed gross appropriation for country offices. Of the 972 posts proposed under the revised budget, 744, or 76.5 per cent, will be located in country offices as illustrated in table 4. Cost decreases for staff are estimated at $1.4 million reflecting the estimated appreciation of the US dollar against most local currencies. Volume decreases of $3.6 million are explained by the net reduction of local staff and the utlization of an increase in the vacancy rate for local field staff from 2 per cent to 10 per cent;

(b) Other staff costs. In this revised proposal, estimates for temporary assistance and overtime for country offices have been reduced by 12.9 per cent;

(c) Travel. The estimated provision for official travel in the country offices is 7.9 per cent lower than the estimate provided in DP/FPA/2001/10. Such a decrease in volume is the result of the effort to further reduce administrative travel costs by shortening and decreasing the number of individual missions, by combining visits to multiple countries on a single trip, and by taking advantage of improvements in technology that have allowed for better communications among field offices and with headquarters;

(d) Operating expenses. The proposed estimate for operating expenses in country offices is $14.8 million, a volume decrease of $1.2 million mostly related to the reduction of the provision in the field for RMS (from $3.0 million to $0.8 million). This and other decreases in volume for items falling under this category are offset by increases in the provision for connectivity (and other systems development). As in DP/FPA/2001/10, this revised proposal includes estimates pertaining to UNDP reimbursement in the field amounting to $1.1 million;

(e) Furniture and equipment. The proposed estimate for furniture and equipment is $3.1 million, $1.3 million more than the amount appropriated in the original biennial support budget proposal. The increase is mostly due to volume, reflecting the planned replacement of a backlog of vehicles and furniture due for replacement.

2. Headquarters

126. Programme support at headquarters includes the costs of the four geographical divisions, the Technical Support Division, the Strategic Planning Unit and the Humanitarian Response Unit, as follows:

(a) Posts. Total staff costs are projected at $21.7 million, a 14.9 per cent reduction vis-à-vis the estimate presented in document DP/FPA/2001/10. This budget line includes the estimated salary and common staff costs for the heasdquarters portion of programme support. All of the 7 Professional posts and 13 out of the 17 General Service posts abolished at headquarters in the context of the revised budget belong to indirect programme support. All of the posts abolished under headquarters programme support belong either to the Technical Support Division or to the Strategic Planning and Coordination Division. There are no staff cuts in the geographical divisions under this appropriation line, as the realignment of these divisions had already been reflected in DP/FPA/2001/10.

(b) Other staff costs. Decreased by 8.9 per cent;

(c) Consultants. Decreased by 14.4 per cent. The reduction is among the lowest under this appropriation line, as the new Humanitarian Response Unit and Strategic Planning Unit incorporate part of the high provision for start-up costs that had been reserved for the newly established SPCD in the original 2002-2003 biennial support budget;

(d) Travel. Reduced by 22.3 per cent also in light of budget containment efforts carried out across the organization;

(e) Operating expenses. Reduced by 20.4 per cent, reflecting the partial recovery of rental costs from headquarters project staff;

(f) Furniture and equipment. Reduced by 29 per cent;

(g) Reimbursements. This expenditure category includes reimbursements to the United Nations, jointly financed bodies, external audit and UNDP for services rendered on behalf of UNFPA. The cost of reimbursements is apportioned among all organizational units at headquarters under both programme support and management and administration of the organization consistent with budget harmonization requirements. The transfer of the audit section from UNDP to UNFPA translates into a reduction in the projected charges for UNFPA. Other than that, these are mandatory charges that cannot be compressed by cost containment efforts, which explains why the reduction is only 14.5 per cent.

C. Management and administration of the organization

127. The management and administration appropriation line comprises the remaining headquarters units, i.e., the Office of the Executive Director; the new Division for Oversight Services; the Information, Executive Board and Resource Mobilization Division; the Office of Human Resources; and the Division for Management Services. An overall decrease in volume

of $1.6 million is in part offset by cost increases of $0.6 million. Table II provides the objects of expenditure by appropriation line, which are as follows:

(a) Posts. Total staff costs are projected at $30.5 million, 1.6 per cent less than the costs projected in DP/FPA/2001/10. The budget estimate includes the costs of seven new Professional posts (four for DOS, two for DMS and one for the Office of Human Resources), and one General Service post for OHR. In addition, as many as six posts -- four Professionals and two General Service were redeployed from programme support at headquarters (SPCD) to management and administration (IERD). This volume increase for posts is in part offset by the reduction of four General Service posts from DMS;

(b) Other staff costs. An increase of 3.8 per cent is required to ensure the transition to lower staffing levels needed to carry out the workload, which has remained the same;

(c) Consultants. An increase of 157.6 per cent is due to the requirements of OHR to support the completion of the organizational realignment and prepare the way for the revised field typology. In MIS, work for system-related activities and field connectivity cannot be accommodated by limited core staff;

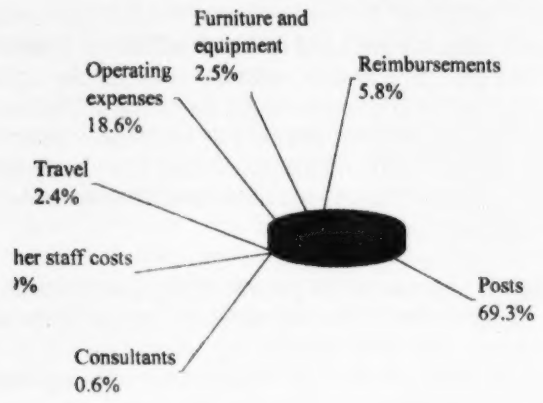
(d) Travel. Cost containment efforts in this area have resulted in an overall increase of only 2.5 per cent, in spite of the increase in the number of staff falling under this appropriation line from 135 to 146;

(e) Operating expenses. The decrease of 10.4 per cent in this area is due to the decrease in the provision for rent (part of the costs will be deflected to projects) and RMS;

(f) Furniture and equipment. Reduced by 17.8 per cent;

(g) Reimbursements. As mentioned earlier, this expenditure category includes reimbursement fees to the United Nations, jointly financed bodies, external audit and UNDP, for services rendered on behalf of UNFPA. These charges are apportioned among all organizational units at headquarters based on the number of staff. Due to changes in apportionment, a total increase under this appropriation line of 2.0 per cent is recorded.

Figure F. Expenditures by category, 2002-2003



III. OUTLINE OF A CONTINGENCY PLAN

128. As indicated in section I of this document, a contingency plan for the revised 2002-2003 biennial support budget has been developed based on a lower regular resources income estimate ($492 million) than the $545.0 million assumed as the resource framework for the revised budget. The lower income estimate reflects the possible non-receipt of a contribution from one of UNFPA's major donors, which is still pending at the time this document is being finalized. Should this contribution not materialize, UNFPA would implement a contingency plan based on:

(a) Supplementing the projected gap in regular income of $53 million ($545 million minus $492 million) through contributions from other donors;

(b) Implementing austerity measures whereby the revised biennial support budget expenditures projected throughout the previous sections of this document would be contained and/or reduced. Of course, these measures would have severe implications on UNFPA programme and administrative activities.

The accompanying box provides a graphic display of potential outcomes of this dual approach as they relate to possible ratios of gross budget appropriations to regular income. In the worst case scenario – in which the contribution from the major donor is not received and the efforts to secure supplementary funds from other donors are unsuccessful -- UNFPA anticipates that expenditure containment measures would yield maximum reductions in the budget of $7.4 million.

129. With estimated expenditures in 2002 of $73.8 million (see section I B of this document), in 2003 appropriations would be contained to $74.0 million (in other words, UNFPA would implement measures to replicate in 2003 its 2002 working allotment), in which case the combination of a gross biennial support budget of $147.8 million and regular income of $492.0 million would lead to a ratio of 30.0 per cent over the 2002-2003 biennium. In general, UNFPA would make all necessary efforts to ensure that gross biennial support budget expenditures for

2002-2003 would not under any circumstance exceed 30 per cent of the regular income available for the biennium, which is deemed as the maximum allowable ceiling for the ratio of biennial support budget gross expenditures to regular income under the contingency plan.

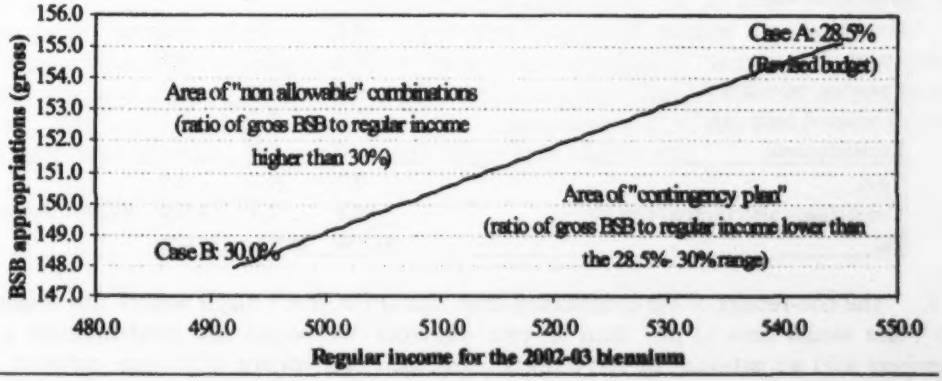
A graphic description of the contingency plan

In the graph below, the curve identifies possible combinations of gross budget appropriations and regular income in the 28.5 - 30.0 per cent range. All combinations of gross budget and regular income to the right of the curve lead to ratios lower or equal to 28.5 –30.0 per cent. This area delineates the "contingency plan" in the sense that it defines regular income lower or equal to $545 million and gross budget lower or equal to $155.2 million. All combinations of gross budget and regular income to the left of the curve lead to ratios higher than 30 per cent, i.e., cases where the gross budget would not be adequately rescaled to the income reduction.

Infinite combinations of income and gross budget are possible under the contingency plan. Two particular cases are highlighted in the graph:

- *Case A: At the top of the line, a gross budget of $155.2 million and regular income of $545.0 million identify the revised budget described in the previous section of this document. As discussed earlier in the document, this combination would lead to a ratio of 28.5 per cent.*
- *Case B: At the bottom of the line, a gross budget of $147.8 million and regular income of $492.0 million identify the circumstance described in paragraph 129, which would lead to a ratio of 30.0 per cent. This is the case where the entire gap of $53 million would not be met by supplementary contributions.*

Regular income and Gross BSB for the 2002-03 biennium
(US$ millions)



130. The most relevant adjustments, to be implemented if the entire gap of $53 million would not be met by any supplementary contribution, are provided in the table below, as follows:

(a) Posts. Contingency measures would include deferral of the establishment of the eight proposed IPO posts; deferral in the establishment of all proposed headquarters posts with the exception of the six posts (at no additional cost) for the Division for Oversight Services; suspension of rotation between headquarters and field for international Professionals for one year in 2003; and a freeze on recruitments to replace retiring staff at headquarters. Most of the training activities planned for 2003 and described in this document would have to be deferred, which would translate into further cost reductions;

(b) Travel. Travel in 2003 would be radically reduced;

(c) Vehicles. The planned replacement of vehicle backlog for country offices would be reduced;

(d) New country offices. The proposed establishment of new country offices in Afghanistan and East Timor would have to be deferred. The current arrangement (chief of operations charged to programme resources) would be extended through the end of 2003;

(e) Other adjustments would involve reductions in appropriations for rental and maintenance of equipment, furniture and (office) equipment, temporary assistance and overtime, consultants, personal computer maintenance, supplies, and printing and contractual services.

Cost-containment measures for case B for the contingency plan					
	HQ	Field	Total	Income	Ratio
Revised BSB 2002-03	**79.2**	**76.0**	**155.2**	**545.0**	**28.5%**
Pct	**51.0%**	**49.0%**	**100.0%**		
Reductions (2003)					
Posts	-2.4	-1.9	-4.3		
Other staff costs	-0.1	-0.1	-0.2		
Consultants	-0.3	0.0	-0.3		
Travel	-0.3	-0.2	-0.5		
Operating expenditures	-0.6	-0.8	-1.4		
Furniture & equipment	0.0	-0.7	-0.7		
Reimbursement	0.0	0.0	0.0		
Total	-3.7	-3.7	-7.4		
Contingency plan (graph: case B)	**75.5**	**72.4**	**147.8**	**492.0**	**30.0%**
Pct	**51.1%**	**48.9%**	**100.0%**		

131. The non-receipt of the contribution from one of UNFPA's major donors also implies that the Fund would have to pay from its own resources the income tax reimbursement to staff members who are nationals of that country. Also, the lower volume of projects executed would reduce the level of cost recovery. The income to the biennial support budget would therefore drop from $20.1 million to $15.3 million, yielding a net budget estimate of $132.5 million,

equivalent to 26.9 per cent of the regular income resources for the biennium, or 20.4 per cent of total income. The lower-than-expected income would lead to programme expenditures of $344.9 million, that is, $45.6 million,[14] or 12 per cent, lower than the amount of $390.5 million indicated in table 1.

Resource framework for alternative budget scenarios

	2002-03 approved appropriations	2002-2003 estimates (revised budget)	2002-2003 estimates (case B under contingency plan)	Reduction /Increase	Reduction /Increase	Gap under case B	Gap under case B
				(US$ million)	(%)	(US$ million)	(%)
	1	*2*	*3*	*4=3-1*	*5=4/1*	*6=3-2*	*7=6/2*
Regular resources	580.0	545.0	492.0	-88.0	-15.2%	-53.0	-9.7%
Other resources	122.5	157.5	157.5	35.0	28.6%	0.0	0.0%
Total resources	**702.5**	**702.5**	**649.5**	**-53.0**	**-7.5%**	**-53.0**	**-7.5%**
BSB total (gross)	168.3	155.2	147.8	-20.5	-12.2%	-7.4	-4.7%
Est. income credit	-21.8	-20.1	-15.3				
BSB total (net)	**146.5**	**135.1**	**132.5**				
Ratio BSB net to total resources	20.9%	19.2%	20.4%				
Ratio BSB gross to regular resources	29.0%	28.5%	30.0%				

Longer term adjustments

132. Assuming a regular resources income totalling $492.0 million, if the revised gross biennial support budget estimate were to be limited to 28.5 per cent of regular resources – the ratio reflected in the revised budget – UNFPA would have to contain its gross biennial support budget to $140.2 million, a reduction of $15.0 million, or 9.7 per cent, vis-à-vis the revised budget gross appropriation of $155.2 million. This large reduction for the gross biennial support budget would require a major structural adjustment that would weaken the organization and therefore constitute a radical departure from the strategic approach of the revised budget, which has been designed to strengthen the organization at the country office level for better programme delivery. Such adjustment could not be realistically accommodated within the remaining period of the 2002-2003 biennium, but would require longer term adjustments.

[14] I.e. $53.0 million minus $7.4 million.

Conclusion

133. A significant reduction in regular resources and its likely implications on the programme and the biennial support budget would entail an overall downscaling of the organization, which would jeopardize UNFPA's capacity to support countries in achieving ICPD and ICPD+5 goals. While cost containment would be implemented along the lines of the contingency plan described above, any further reduction in the biennial support budget would be based on the outcome of renewed fundraising efforts targeted to generate adequate core resources. In any case, UNFPA will take considerable care not to scale down operations too extensively in order to avoid having to reverse the corrective measures in the future should additional resources materialize. Such frequent adjustments and fluctuations have costly implications, impede programme delivery, interfere with effective financial management and are counterproductive to results-based management.

IV. DRAFT APPROPRIATIONS DECISION

134. In light of the above, the Executive Director recommends that the Executive Board adopt the following decision:

The Executive Board

Having considered the 2002-2003 revised biennial support budget estimates of the United Nations Population Fund, as contained in document DP/FPA/2002/9,

(a) Approves gross appropriations in the amount of $155.2 million for the purposes indicated below and resolves that the income estimates of $20.1 million shall be used to offset the gross appropriations, resulting in estimated net appropriations of $135.1 million;

2002-2003 Biennial support budget (revised)	
(In thousands of United States dollars)	
Programme support:	
Country offices	76,027.3
Headquarters	31,571.9
Subtotal	107,599.0
Management and administration of the organization	47,597.0
Total gross appropriations	155,196.1
Less: Estimated income to the budget	(20,070.0)
Estimated net appropriations	135,126.1

(b) Authorizes the Executive Director to redeploy resources between appropriation lines up to a maximum of 5 per cent of the appropriation to which the resources are redeployed;

(c) Authorizes extrabudgetary expenditures up to $10.0 million for implementation of the Enterprise Resource Planning project;

(d) Authorizes extrabudgetary expenditures up to $2.0 million for extraordinary implementation of early termination packages in addition to the $2.0 million included in the gross appropriations of $155.2 million;

(e) Requests the Executive Director, in the event that regular resources would not be adequate to meet the levels of the revised budget estimates, to implement a contingency plan whereby the gross biennial support budget would be adequately rescaled in order not to exceed 30 per cent of the available regular resources income.

Table I. Revised budget estimates by organizational unit within appropriation line, 2002-2003 (revised)
(Thousands of United States dollars)

Appropriation line/ Organizational unit	2002-03 approved appropriations	Changes Volume Amount	Volume %	Cost	2002-2003 revised estimates	Increase/Decrease US $000	Increase/Decrease %
A. Programme support							
1. Country Offices							
Africa	35,835.7	(66.8)	-0.2%	(2,734.7)	32,834.2	(2,801.5)	-7.9%
Arab States and Europe	15,390.3	(1,372.1)	-8.9%	(15.9)	14,002.2	(1,388.1)	-9.0%
Asia and the Pacific	16,531.4	(680.1)	-4.1%	73.7	15,925.0	(606.4)	-3.7%
Latin America and the Caribbean	14,506.6	(1,179.6)	-8.1%	(61.3)	13,265.8	(1,240.8)	-8.6%
Subtotal	82,064.0	(3,298.5)	-4.0%	(2,738.2)	76,027.3	(6,036.7)	-7.4%
2. Headquarters							
Africa Division	4,555.9	(279.2)	-6.1%	54.2	4,330.8	(225.1)	-4.9%
Division for Arab States and Europe	3,529.0	(228.8)	-6.5%	41.7	3,341.8	(187.2)	-5.3%
Asia and the Pacific Division	3,468.8	(196.5)	-5.7%	41.6	3,313.9	(154.8)	-4.5%
Latin America and the Caribbean Divisior	3,569.0	(242.5)	-6.8%	41.9	3,368.4	(200.6)	-5.6%
Technical Support Division	13,337.0	(1,954.5)	-14.7%	131.7	11,514.2	(1,822.8)	-13.7%
Strategic Planning and Coordination Divis	9,125.8	(5,171.6)	-56.7%	0.0	3,954.2	(5,171.6)	-56.7%
Strategic Planning Unit	0.0	1,143.6	NA	26.9	1,170.5	1,170.5	NA
Humanitarian Response Unit	0.0	564.9	NA	13.3	578.1	578.1	NA
Subtotal	37,585.4	(6,364.7)	-16.9%	351.3	31,571.9	(6,013.4)	-16.0%
Subtotal: Programme support	119,649.2	(9,663.2)	-8.1%	(2,386.9)	107,599.0	(12,050.2)	-10.1%
B. Management and admin. of organization							
Office of Executive Director	6,113.6	(447.2)	-7.3%	70.9	5,737.3	(376.3)	-6.2%
Division for Oversight Services	3,031.0	1,085.1	35.8%	65.7	4,181.8	1,150.8	38.0%
Information, Executive Board and Resource Mobilization Division	12,490.8	(201.3)	-1.6%	159.9	12,449.4	(41.4)	-0.3%
Division for Management Services	19,073.0	(973.4)	-5.1%	231.7	18,331.3	(741.7)	-3.9%
Office of Human Resources	7,902.5	(1,098.2)	-13.9%	92.9	6,897.2	(1,005.3)	-12.7%
Subtotal	48,611.0	(1,634.9)	-3.4%	621.0	47,597.0	(1,014.0)	-2.1%
TOTAL GROSS APPROPRIATION	168,260.2	(11,298.2)	-6.7%	(1,766.0)	155,196.1	(13,064.1)	-7.8%
Estimated Income Credit [a]	(21,800.0)	1,730.0			(20,070.0)	1,730.0	-7.9%
TOTAL NET APPROPRIATIONS	146,460.2	(9,568.2)	-6.5%	(1,766.0)	135,126.1	(11,334.1)	-7.7%

a/ For UNFPA the estimated income includes: income from support to Other Resources (i.e. multi-bilateral resources) relating to programmes; income from support and procurement services provided to government-executed projects; as appropriate, the estimated balance of income from procurement services to third parties, after deduction of direct costs, and the income tax reimbursed to staff members, nationals of certain states.

Table II. Revised budget estimates by organizational unit within appropriation line, 2002-2003 (revised)
(Thousands of United States dollars)

Appropriation line/ Organizational unit	2002-03 approved appropriations	Changes Volume Amount	Volume %	Cost	2002-2003 revised estimates	Increase/Decrease US $000	Increase/Decrease %
A. Programme support							
1. Country Offices							
Posts a/	60,336.1	(3,589.6)	-5.9%	(1,405.5)	55,361.0	(4,975.1)	-8.2%
Other staff costs	898.9	(63.7)	-7.1%	(52.0)	783.2	(115.7)	-12.9%
Consultants	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Travel	2,133.1	(59.1)	-2.8%	(109.5)	1,964.5	(168.6)	-7.9%
Operating expenses	16,938.6	(1,233.6)	-7.3%	(859.6)	14,845.5	(2,093.2)	-12.4%
Furniture and equipment	1,757.3	1,627.5	92.6%	(311.6)	3,073.2	1,315.9	74.9%
Subtotal	82,064.0	(3,298.5)	-4.0%	(2,738.2)	76,027.3	(6,036.7)	-7.4%
2. Headquarters							
Posts	25,437.7	(4,023.2)	-15.8%	241.4	21,655.9	(3,781.8)	-14.9%
Other staff costs	248.2	(24.9)	-10.0%	2.7	226.1	(22.2)	-8.9%
Consultants	236.7	(36.3)	-15.3%	2.3	202.7	(34.0)	-14.4%
Travel	464.3	(107.2)	-23.1%	3.6	360.7	(103.6)	-22.3%
Operating expenses	6,470.6	(1,382.8)	-21.4%	59.6	5,147.4	(1,323.2)	-20.4%
Furniture and equipment	427.0	(126.5)	-29.6%	2.8	303.4	(123.7)	-29.0%
Reimbursements	4,300.6	(663.8)	-15.4%	38.8	3,675.7	(625.0)	-14.5%
Subtotal	37,585.3	(6,364.7)	-16.9%	351.3	31,571.8	(6,013.4)	-16.0%
B. Management and admin. of organization							
Posts	31,009.8	(893.6)	-2.9%	402.3	30,518.4	(491.4)	-1.6%
Other staff costs	309.1	7.5	2.4%	4.3	320.8	11.7	3.8%
Consultants	289.0	441.1	152.7%	14.2	744.3	455.3	157.6%
Travel	1,344.4	15.7	1.2%	17.9	1,378.0	33.6	2.5%
Operating expenses	9,944.8	(1,140.5)	-11.5%	110.9	8,915.2	(1,029.6)	-10.4%
Furniture and equipment	553.7	(103.9)	-18.8%	5.3	455.0	(98.6)	-17.8%
Reimbursements	5,160.2	38.8	0.8%	66.1	5,265.2	105.0	2.0%
Subtotal	48,610.9	(1,634.9)	-3.4%	621.0	47,596.9	(1,014.0)	-2.1%
TOTAL							
Posts	116,783.5	(8,486.4)	-7.3%	(761.9)	107,535.3	(9,248.3)	-7.9%
Other staff costs	1,456.2	(81.1)	-5.6%	(45.1)	1,330.1	(126.2)	-8.7%
Consultants	525.7	404.8	77.0%	16.5	947.0	421.3	80.1%
Travel	3,941.8	(150.6)	-3.8%	(87.9)	3,703.2	(238.6)	-6.1%
Operating expenses	33,354.1	(3,757.0)	-11.3%	(689.0)	28,908.1	(4,446.0)	-13.3%
Furniture and equipment	2,738.0	1,397.1	51.0%	(303.5)	3,831.6	1,093.5	39.9%
Reimbursements	9,460.8	(625.0)	-6.6%	105.0	8,940.8	(520.0)	-5.5%
TOTAL GROSS BUDGET ESTIMATES	168,260.2	(11,298.2)	-6.7%	(1,766.0)	155,196.1	(13,064.1)	-7.8%
Estimated Income Credit	(21,800.0)	1,730.0	-7.9%		(20,070.0)	1,730.0	-7.9%
TOTAL NET BUDGET ESTIMATES	146,460.2	(9,568.2)	-6.5%	(1,766.0)	135,126.1	(11,334.1)	-7.7%

a/ Includes costs for posts and training.

Table III. Estimated distribution of posts by source of funds and organizational unit

Source of funds/ Organizational Unit	International professional category and above: USG ASG	D-2	D-1	P-5	P-4	P-3	P2/1	Total	Nat. Prof.	GS and Other Categ.	Grand Total
A. Programme support											
1. Country offices											
2002-2003 Regular resources 1/	0	0	18	55	9	9	0	91	170	517	778
Total - A1	-	-	18	55	9	9	0	91	170	517	778
2002-2003R Regular resources 1/			18	59	22	0	0	99	221	424	744
Total - A1		0	18	59	22	0	0	99	221	424	744
2. Headquarters											
Africa Division											
2002-2003 Regular resources		1	1	2	3	0	0	7		6	13
Total	-	1	1	2	3	0	0	7		6	13
2002-2003R Regular resources		1	1	2	3	0	0	7		6	13
Total		1	1	2	3	0	0	7		6	13
Division for Arab States and Europe											
2002-2003 Regular resources		1	1	1	2	0	0	5		5	10
Total	-	1	1	1	2	0	0	5		5	10
2002-2003R Regular resources		1	1	1	2	0	0	5		5	10
Total		1	1	1	2	0	0	5		5	10
Asia and the Pacific Division											
2002-2003 Regular resources		1	1	1	2	0	0	5		5	10
Total	-	1	1	1	2	0	0	5		5	10
2002-2003R Regular resources		1	1	1	2	0	0	5		5	10
Total		1	1	1	2	0	0	5		5	10
Latin America and the Caribbean Division											
2002-2003 Regular resources		1	1	1	2	0	0	5		5	10
Total	-	1	1	1	2	0	0	5		5	10
2002-2003R Regular resources		1	1	1	2	0	0	5		5	10
Total		1	1	1	2	0	0	5		5	10
Technical Support Division											
2002-2003 Regular resources		1	3	11	5	2	0	22		16	38
Total	-	1	3	11	5	2	0	22		16	38
2002-2003R Regular resources		1	4	10	2	1	0	18		12	30
Total		1	4	10	2	1	0	18		12	30
Strategic Planning and Coordination Division											
2002-2003 Regular resources		1	2	3	5	2	0	13		13	26
Total	-	1	2	3	5	2	0	13		13	26
2002-2003R Regular resources		0	0	0	0	0	0	0		0	0
Total		0	0	0	0	0	0	0		0	0
Humanitarian Response Unit											
2002-2003 Regular resources								0		0	0
Total	-	0	0	0	0	0	0	0		0	0
2002-2003R Regular resources		0	0	1	1	0	0	2		1	3
Total		0	0	1	1	0	0	2		1	3
Strategic Planning Unit											
2002-2003 Regular resources								0		0	0
Total	-	0	0	0	0	0	0	0		0	0
2002-2003R Regular resources		0	1	1	2	0	0	4		2	6
Total		0	1	1	2	0	0	4		2	6
Total: A2 Programme support HQ											
2002-2003 Regular resources	-	6	9	19	19	4	0	57		50	107
Total - A2	0	6	9	19	19	4	0	57		50	107
2002-2003R Regular resources		5	9	17	14	1	0	46		36	82
Total - A2	0	5	9	17	14	1	0	46		36	82

Table III. Estimated distribution of posts by source of funds and organizational unit (cont'd)

Source of funds/ Organizational Unit	USG ASG	D-2	D-1	P-5	P-4	P-3	P2/1	Total	Nat. Prof.	GS and Other Categ.	Grand Total
Total: A. Programme support											
2002-2003 Regular resources	-	6	27	74	28	13	0	148	170	567	885
Total - A	-	6	27	74	28	13	-	148	170	567	885
2002-2003R Regular resources		5	27	76	36	1	0	145	221	460	826
Total - A		5	27	76	36	1	0	145	221	460	826

International professional category and above

Source of funds/ Organizational Unit	USG ASG	D-2	D-1	P-5	P-4	P-3	P2/1	Total	Nat. Prof.	GS and Other Categ.	Grand Total
B. Management and admin. of org											
Office of Executive Director											
2002-2003 Regular resources	3	0	0	2	2	0	0	7		8	15
Total	3	0	0	2	2	0	0	7		8	15
2002-2003R Regular resources	3	0	0	2	2	0	0	7	0	8	15
Total	3	0	0	2	2	0	0	7	0	8	0 15
Division for Oversight Services											
2002-2003 Regular resources		0	1	4	0	0	0	5	0	3	8
Total	-	0	1	4	0	0	0	5	0	3	8
2002-2003R Regular resources		1	0	4	4	0	0	9		5	14
Total	0	1	0	4	4	0	0	9	0	5	14
Division for Management Services											
2002-2003 Regular resources		1	1	4	8	5	0	19		45	64
Other res. rel. to Reimb.					3		1	4		5	9
Total	-	1	1	4	11	5	1	23		50	73
2002-2003R Regular resources		1	1	4	8	6	1	21		41	62
Other res. rel. to Reimb.		0	0	0	1	3	0	4		4	8
Total	0	1	1	4	9	9	1	25		45	70
Information, Executive Board and Resource Development Division											
2002-2003 Regular resources	-	1	4	2	9	0	0	16		14	30
Total	-	1	4	2	9	0	0	16		14	30
2002-2003R Regular resources		1	4	6	9	0	0	20		15	35
Total	0	1	4	6	9	0	0	20		15	35
Office of Human Resources											
2002-2003 Regular resources		0	1	2	4	0	0	7		11	18
Total	-	0	1	2	4	0	0	7		11	18
2002-2003R Regular resources		0	1	2	5	0	0	8		12	20
Total		0	1	2	5	0	0	8		12	20
Total B. Man. and admin. of org.											
2002-2003 Regular resources	3	2	7	14	23	5	0	54		81	135
Other res. rel. to Reimb.2/	0	0	0	0	3	0	1	4		5	9
Total - B	3	2	7	14	26	5	1	58		81	139
2002-2003R Regular resources	3	3	6	18	28	6	1	65		81	146
Other res. rel. to Reimb.2/	0	0	0	0	1	3	0	4		4	8
Total - B	3	3	6	18	29	9	1	69		81	150
Grand Total											
2002-2003 Regular resources	3	8	34	88	51	18	0	202	170	648	1020
Other res. rel. to Reimb.	0	0	0	0	3	0	1	4	0	5	9
GRAND TOTAL	3	8	34	88	54	18	1	206	170	653	1029
2002-2003R Regular resources	3	8	33	94	64	7	1	210	221	541	972
Other res. rel. to Reimb.	0	0	0	0	1	3	0	4		4	8
GRAND TOTAL	3	8	33	94	65	10	1	214	221	545	980

TABLE IV

USE OF RESOURCES: ESTIMATED DISTRIBUTION OF PROGRAMMES AND PROGRAMME SUPPORT BY REGION AND BY COUNTRY

(In thousands of US Dollars)

Country	RESOURCES (2002-2003) a/					POSTS (2002-2003)			
	PROGRAMME					IRH Posts b/			
	Regular Resources	Other Resources	Total Resources	IRH	TOTAL Programme & IRH	IP	NP	GS/Oth.	Total Support
I. AFRICA									
Angola	4,472.5	0.0	4,472.5	1,018.4	5,490.9	1	4	5	10
Benin	2,236.3	619.8	2,856.0	509.2	3,365.2	1	3	5	9
Botswana	532.4	3,718.7	4,251.1	121.2	4,372.4	1	1	4	6
Burkina Faso	3,407.6	0.0	3,407.6	775.9	4,183.6	1	3	5	9
Burundi	2,236.3	0.0	2,236.3	509.2	2,745.5	1	2	5	8
Cameroon	3,301.1	0.0	3,301.1	751.7	4,052.8	1	3	5	9
Cape Verde	1,064.9	0.0	1,064.9	242.5	1,307.4	0	1	3	4
Central African Republic	1,916.8	0.0	1,916.8	436.5	2,353.2	1	3	4	8
Chad	2,555.7	0.0	2,555.7	581.9	3,137.7	1	3	5	9
Comoros	745.4	1,239.6	1,985.0	169.7	2,154.7	0	1	2	3
Congo	1,384.3	0.0	1,384.3	315.2	1,699.6	1	2	5	8
Congo, Democratic Republic of	7,667.2	0.0	7,667.2	1,745.8	9,413.0	2	4	5	11
Cote d'Ivoire	2,768.7	619.8	3,388.5	630.4	4,018.9	1	3	5	9
Equatorial Guinea	851.9	0.0	851.9	194.0	1,045.9	0	1	2	3
Eritrea	1,916.8	3,098.9	5,015.7	436.5	5,452.2	1	2	5	8
Ethiopia	7,028.2	619.8	7,648.0	1,600.3	9,248.4	2	4	5	11
Gabon	532.4	0.0	532.4	121.2	653.7	0	1	2	3
Gambia	1,171.4	0.0	1,171.4	266.7	1,438.1	0	1	2	3
Ghana	5,537.4	3,718.7	9,256.1	1,260.9	10,517.0	1	3	5	9
Guinea	2,768.7	0.0	2,768.7	630.4	3,399.1	1	3	5	9
Guinea-Bissau	958.4	0.0	958.4	218.2	1,176.6	1	2	4	7
Kenya	4,046.6	0.0	4,046.6	921.4	4,968.0	2	3	5	10
Lesotho	1,064.9	0.0	1,064.9	242.5	1,307.4	0	1	2	3
Liberia	2,023.3	0.0	2,023.3	460.7	2,484.0	1	3	5	9
Madagascar	4,366.0	1,239.6	5,605.6	994.2	6,599.7	2	3	5	10
Malawi	3,620.6	9,916.6	13,537.2	824.4	14,361.6	1	3	5	9
Mali	4,153.0	1,239.6	5,392.6	945.7	6,338.3	1	4	6	11
Mauritania	1,597.3	619.8	2,217.1	363.7	2,580.8	1	2	5	8
Mauritius	127.8	0.0	127.8	29.1	156.9	0	0	0	0
Mozambique	4,153.0	2,479.1	6,632.2	945.7	7,577.8	2	3	5	10
Namibia	1,490.8	619.8	2,110.6	339.5	2,450.1	1	1	2	4
Niger	4,046.6	1,259.4	5,305.9	921.4	6,227.3	1	3	5	9
Nigeria	10,648.8	13,015.5	23,664.3	2,424.8	26,089.1	2	4	5	11
Rwanda	2,023.3	1,239.6	3,262.8	460.7	3,723.6	1	3	4	8
Sao Tome and Principe	426.0	0.0	426.0	97.0	522.9	0	1	2	3

TABLE IV (cont'd)

USE OF RESOURCES: ESTIMATED DISTRIBUTION OF PROGRAMMES AND PROGRAMME SUPPORT BY REGION AND BY COUNTRY

(In thousands of US Dollars)

Country	RESOURCES (2002-2003) a/					POSTS (2002-2003)			
	PROGRAMME					RSB Posts b/			
	Regular Resources	Other Resources	Total Resources	RSB	TOTAL Programme & RSB	IP	NP	GS/OA	Total Support
Senegal	3,194.6	1,239.6	4,434.2	727.4	5,161.7	1	3	5	9
Seychelles	85.2	0.0	85.2	19.4	104.6	0	0	0	0
Sierra Leone	2,662.2	0.0	2,662.2	606.2	3,268.4	1	3	5	9
South Africa	1,490.8	1,239.6	2,730.4	339.5	3,069.9	2	3	5	10
Swaziland	638.9	0.0	638.9	145.5	784.4	0	1	2	3
Togo	1,916.8	0.0	1,916.8	436.5	2,353.2	1	2	5	8
Uganda	6,176.3	5,578.1	11,754.4	1,406.4	13,160.8	2	3	5	10
United Republic of Tanzania	4,366.0	8,057.2	12,423.2	994.2	13,417.4	2	4	5	11
Zambia	3,514.1	0.0	3,514.1	800.2	4,314.3	1	3	5	9
Zimbabwe	2,662.2	0.0	2,662.2	606.2	3,268.4	1	3	5	9
Sub-Total, Africa	125,549.7	61,978.5	187,528.2	28,588.1	216,116.3	44	102	186	332
II. ARAB STATES AND EUROPE									
Albania	716.1	0.0	716.1	178.2	894.3	0	1	2	3
Algeria	2,387.0	0.0	2,387.0	594.1	2,981.1	1	2	4	7
Armenia	620.6	0.0	620.6	154.5	775.1	0	1	2	3
Azerbaijan	1,002.5	725.4	1,727.9	249.5	1,977.5	0	1	2	3
Bahrain	23.9	0.0	23.9	5.9	29.8	0	0	0	0
Belarus	286.4	0.0	286.4	71.3	357.7	0	0	0	0
Bosnia and Herzegovina	429.7	0.0	429.7	106.9	536.6	0	1	1	2
Bulgaria	286.4	0.0	286.4	71.3	357.7	0	0	0	0
Djibouti	1,074.1	0.0	1,074.1	267.4	1,341.5	0	1	2	3
Egypt	5,012.6	3,626.9	8,639.6	1,247.7	9,887.3	1	2	5	8
Estonia	71.6	0.0	71.6	17.8	89.4	0	0	0	0
Georgia	596.7	0.0	596.7	148.5	745.3	0	1	2	3
Iraq	1,861.8	0.0	1,861.8	463.4	2,325.3	1	1	4	6
Jordan	1,193.5	1,450.8	2,644.3	297.1	2,941.3	0	1	2	3
Kazakhstan	1,002.5	241.8	1,244.3	249.5	1,493.9	0	1	2	3
Kosovo	119.3	9,430.1	9,549.4	29.7	9,579.1	0	0	0	0
Kyrgyzstan	978.7	0.0	978.7	243.6	1,222.3	0	1	2	3
Latvia	167.1	0.0	167.1	41.6	208.7	0	0	0	0
Lebanon	716.1	2,176.2	2,892.3	178.2	3,070.5	0	1	2	3
Libyan Arab Jamahiriya	11.9	0.0	11.9	3.0	14.9	0	0	0	0
Lithuania	191.0	0.0	191.0	47.5	238.5	0	0	0	0
Morocco	3,580.5	241.8	3,822.3	891.2	4,713.4	1	2	4	7
Occupied Palestinian Territory	1,909.6	483.6	2,393.2	475.3	2,868.5	1	1	3	5
Oman	23.9	0.0	23.9	5.9	29.8	0	0	0	0
Poland	191.0	0.0	191.0	47.5	238.5	0	0	0	0
Qatar	11.9	0.0	11.9	3.0	14.9	0	0	0	0
Republic of Moldova	334.2	0.0	334.2	83.2	417.4	0	0	0	0
Romania	716.1	0.0	716.1	178.2	894.3	1	1	5	7
Russian Federation	907.0	725.4	1,632.4	225.8	1,858.2	1	1	3	5

TABLE IV (cont'd)

USE OF RESOURCES: ESTIMATED DISTRIBUTION OF PROGRAMMES AND PROGRAMME SUPPORT BY REGION AND BY COUNTRY

(In thousands of US Dollars)

Country	RESOURCES (2002-2003) a/					POSTS (2002-2003)			
	PROGRAMME					BSB Posts b/			
	Regular Resources	Other Resources	Total Resources	BSB	TOTAL Programme & BSB	IP	NP	GS/Oth.	Total Support
Saudi Arabia	11.9	0.0	11.9	3.0	14.9	0	0	0	0
Somalia	1,909.6	1,450.8	3,360.4	475.3	3,835.7	1	2	3	6
Sudan	4,773.9	0.0	4,773.9	1,188.3	5,962.2	2	3	5	10
Syrian Arab Republic	4,296.6	0.0	4,296.6	1,069.4	5,366.0	1	1	5	7
Tajikistan	1,002.5	0.0	1,002.5	249.5	1,252.1	0	1	2	3
Tunisia	1,193.5	967.2	2,160.7	297.1	2,457.7	0	1	2	3
Turkey	1,670.9	241.8	1,912.7	415.9	2,328.6	1	1	5	7
Turkmenistan	978.7	0.0	978.7	243.6	1,222.3	0	1	2	3
Ukraine	549.0	0.0	549.0	136.6	685.7	0	1	2	3
United Arab Emirates	11.9	0.0	11.9	3.0	14.9	0	0	0	0
Uzbekistan	1,289.0	0.0	1,289.0	320.8	1,609.8	2	2	4	8
Yemen	4,773.9	2,418.0	7,191.9	1,188.3	8,380.2	2	3	4	9
Yugoslavia	95.5	0.0	95.5	23.8	119.2	0	0	0	0
Sub-Total, Arab States and Europe	48,980.7	24,179.6	73,160.3	12,191.5	85,351.8	16	36	81	133
III. ASIA AND THE PACIFIC									
Afghanistan	3,603.1	23,613.0	27,216.1	417.8	27,633.9	2	3	5	10
Bangladesh	10,500.5	1,771.0	12,271.5	1,217.5	13,489.0	2	3	5	10
Bhutan	1,647.1	0.0	1,647.1	191.0	1,838.1	0	1	2	3
Cambodia	5,147.3	0.0	5,147.3	596.8	5,744.1	2	3	5	10
East Timor	1,173.6	0.0	1,173.6	136.1	1,309.7	1	2	5	8
India	24,707.0	0.0	24,707.0	2,864.8	27,571.8	2	3	5	10
China	8,750.4	0.0	8,750.4	1,014.6	9,765.0	1	3	5	9
Indonesia	6,588.5	4,722.6	11,311.1	763.9	12,075.1	2	3	5	10
Iran, Islamic Rep. of	3,850.2	590.3	4,440.5	446.4	4,886.9	1	2	5	8
Korea, Democratic People's Republic of	2,264.8	0.0	2,264.8	262.6	2,527.4	0	1	2	3
Lao People's Democratic Republic	2,058.9	0.0	2,058.9	238.7	2,297.7	1	2	5	8
Malaysia	308.8	0.0	308.8	35.8	344.6	0	0	0	0
Maldives	576.5	0.0	576.5	66.8	643.3	0	1	2	3
Mongolia	2,470.7	1,180.6	3,651.4	286.5	3,937.8	1	2	5	8
Myanmar	5,970.9	1,180.6	7,151.5	692.3	7,843.8	1	3	5	9
Nepal	7,206.2	11,806.5	19,012.7	835.6	19,848.3	2	3	5	10
Pacific Island Countries c/	2,470.7	7,083.9	9,554.6	286.5	9,841.1	2	3	5	10
Pakistan	12,353.5	0.0	12,353.5	1,432.4	13,785.9	2	3	5	10
Papua New Guinea	1,338.3	0.0	1,338.3	155.2	1,493.5	1	2	5	8
Philippines	5,147.3	6,493.6	11,640.9	596.8	12,237.7	1	2	5	8
Sri Lanka	1,976.6	0.0	1,976.6	229.2	2,205.7	1	1	4	6
Thailand	2,058.9	0.0	2,058.9	238.7	2,297.7	0	1	2	3
Viet Nam	7,412.1	590.3	8,002.4	859.4	8,861.9	1	2	5	8
Sub-Total, Asia	119,952.0	59,032.5	178,614.5	13,865.6	192,480.1	26	49	97	172

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TABLE IV (cont'd)

USE OF RESOURCES: ESTIMATED DISTRIBUTION OF PROGRAMMES AND PROGRAMME SUPPORT BY REGION AND BY COUNTRY

(In thousands of US Dollars)

Country	RESOURCES (2002-2003) a/					POSTS (2002-2003)			
	PROGRAMME					HHD Posts b/			
	Regular Resources	Other Resources	Total Resources	HHD	TOTAL Programme & HHD	IP	NP	GS/Oth.	Total Support
IV. LATIN AMERICA AND THE CARIBBEAN									
Argentina	233.5	0.0	233.5	84.3	317.8	0	0	0	0
Bolivia	2,335.1	3,158.5	5,493.6	843.1	6,336.7	1	1	5	7
Brazil	1,401.1	0.0	1,401.1	505.9	1,906.9	1	2	4	7
Chile	233.5	0.0	233.5	84.3	317.8	0	0	0	0
Colombia	1,167.5	0.0	1,167.5	421.5	1,589.1	0	1	2	3
Costa Rica	583.8	0.0	583.8	210.8	794.5	0	1	2	3
Cuba	1,167.5	631.7	1,799.2	421.5	2,220.8	0	1	2	3
Dominican Republic	1,167.5	315.8	1,483.4	421.5	1,904.9	0	1	2	3
Ecuador	1,868.1	1,895.1	3,763.2	674.5	4,437.6	1	2	4	7
El Salvador	1,401.1	947.5	2,348.6	505.9	2,854.5	0	1	2	3
English and Dutch-Speaking Caribbean d/	1,751.3	0.0	1,751.3	632.3	2,383.6	2	3	4	9
Guatemala	1,167.5	0.0	1,167.5	421.5	1,589.1	1	1	4	6
Haiti	2,802.1	3,474.3	6,276.4	1,011.7	7,288.1	1	2	4	7
Honduras	2,802.1	3,158.5	5,960.6	1,011.7	6,972.3	2	2	4	8
Mexico	2,335.1	0.0	2,335.1	843.1	3,178.2	1	2	5	8
Nicaragua	2,568.6	2,210.9	4,779.5	927.4	5,706.9	1	2	5	8
Panama	583.8	0.0	583.8	210.8	794.5	0	1	1	2
Paraguay	1,401.1	0.0	1,401.1	505.9	1,906.9	1	1	3	5
Peru	3,269.1	0.0	3,269.1	1,180.3	4,449.4	1	2	5	8
Uruguay	233.5	0.0	233.5	84.3	317.8	0	0	0	0
Venezuela	1,517.8	0.0	1,517.8	548.0	2,065.8	0	1	2	3
Sub-Total, LAC	31,999.7	15,793.4	47,793.1	11,998.3	59,333.4	13	27	60	109
V. INTERCOUNTRY									
Interregional	38,663.7	19,086.6	57,750.3		57,750.3				
Regional Programmes:	25,775.8	12,724.4	38,500.2		38,500.2				
Sub-Total, Intercountry	64,439.6	31,811.0	96,250.6		96,250.6				
GRAND TOTAL, ALL REGIONS	390,542.7	192,794.0	583,336.7	66,198.4	649,535.3	99	221	424	744

a/ The breakdown of regular resources for programme between country and Intercountry is based on the MYFF report DP/FPA/2006. Breakdown by country is based on 2001-2005 planning figures approved by the Executive Director.

Other resources breakdown by Country is based on allocations for 2002 and beyond as currently recorded in WinFPMS.

b/ Estimates based on new country office typology.

c/ South Pacific Island countries consist of: Cook Islands, Fiji, Kiribati, Marshall Island, Micronesia, Nauru, Niue, Pacific Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu.

d/ English and Dutch-speaking Caribbean consists of: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Guyana, Grenada, Jamaica, Montserrat, Netherlands Antilles, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad & Tobago, and Turks and Caicos Islands.

Annex I

TERMINOLOGY

Terms upon which common agreement has been reached and their corresponding definitions are given below.

Appropriation line - Definition similar to those included in the Financial Regulations of UNDP, UNFPA and UNICEF

A subdivision of the appropriation for which a specific amount is shown in the appropriation decision and within which the executive head of an organization is authorized to make transfers without prior approval.

Biennial support budget

The budget of an organization covering Programme support and Management and administration of the organization.

Cost (increase/decrease) - ACC definition

Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

Management and administration of organization

Organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information and administration.

Other resources

Resources of a voluntarily funded organization, other than regular resources, which are received for a specific programme purpose (other resources relating to programmes) and for the provision of specific services to third parties (other resources relating to reimbursements).

Other resources relating to programmes

Resources of a voluntarily funded organization, other than regular resources, which are received for a specific programme purpose that is consistent with the aims and activities of the organization. These will include voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Other resources relating to reimbursements

Resources of a voluntarily funded organization that are received from third parties to cover the cost of providing specific services not related to carrying out programmes entrusted to it for implementation.

Programmes

Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

Programme support

Organizational units whose primary function is the development, formulation, delivery and evaluation of an organization's programmes. This will typically include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis.

Regular resources

Resources of a voluntarily funded organization that are commingled and untied. These will include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Various cost adjustments

Cost increases/decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments.

Volume (increase/decrease)

Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

Annex II

METHODOLOGY

1. The methodology involves several sequential steps in calculating estimates. These calculations are effected separately for each year of a biennium. Essentially, the methodology is to take the approved appropriations for the first year of the current biennium and add the volume and cost adjustments, which results in the estimates required for the first year of the proposed biennium. Similarly, the approved appropriations for the second year of the current biennium are updated to result in the estimates required for the second year of the proposed biennium. It should be borne in mind that, normally, the time during which estimates are prepared for the proposed biennial support budget is the first months of the second year of the current biennium. A description of each sequential step follows.

I. Volume Adjustments

2. First, using the approved appropriations as a base, the real increases or decreases in requirements are calculated and designated as volume changes. Volume changes, as defined, represent the controllable elements in the estimates, subject to the executive head's assessment of what the organization requires to perform the task with which it is entrusted. Such volume changes are calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

II. Various Cost Adjustments

3. To the approved appropriations and volume changes are added cost increases or decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments. Except for within-grade increments, they reflect only known changes that have occurred in the two years since the preparation of the last Biennial support budget. Such cost factors include, for example, decisions of the International Civil Service Commission on a variety of staff entitlements (e.g., dependency allowance, education grant), and changes in the average step of posts by grade level. These adjustments may also include estimates to cover within-grade increments for staff if the experience of the organization so warrants. Normally, but not exclusively, such cost adjustments apply to staff costs. An example of this type of cost adjustment for operating expenses would be a change in rate per square foot on relocation of premises.

III. Currency Adjustment

4. Currency adjustments are then calculated, by year, on the total of approved appropriations, volume and various cost adjustments. These currency adjustments would normally be the difference between the United Nations operational rate of exchange in effect on, for example, 1 April of the year preceding the current biennium and for example, on 1 April of

the second year of the current biennium, i.e., the time of preparation of the proposed biennial support budget. This factor is of particular importance given the extent of the field offices of the organization, where operating costs vary greatly with the strength or otherwise of the United States dollar.

IV. Inflation Adjustment

5. Finally, to complete the picture and to develop the final estimate of requirements for the next biennium, the organization must adjust or estimate, as appropriate, inflation over a four-year period. These adjustments are calculated, by year, on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency; as follows:

(a) For the first year of the current biennium to the first year of the proposed biennium. The existing estimates already embody earlier estimates of inflation. The inflation adjustment for this transition therefore includes:

(i) The difference between the application of earlier estimates and the actual inflation for the first year of the current biennium;

(ii) The difference between the application of earlier estimates and the revised inflation projection for the second year of the current biennium; and

(iii) The inflation projection for the first year of the proposed biennium.

(b) For the second year of the current biennium to the second year of the proposed biennium:

(i) – (iii) as in (a) above; and

(iv) The inflation projection for the second year of the proposed biennium.

6. In order to arrive at these estimates of inflation, four inflation factors for each location are adopted for each year:

(a) The first inflation factor pertains to the estimated movement of post adjustment for international Professional staff;

(b) The second inflation factor pertains to international travel and common staff costs for internal Professional staff (this is the same for all locations);

(c) The third factor encompasses salaries and common staff costs for local staff, i.e., in the national Professional category and General Service and other categories, which may vary significantly from location to location; and

(d) The fourth factor relates to all other costs, such as operating expenses.

7. Within the general framework, New York and Geneva are treated separately from field offices. For these two locations, the rates used are the same as those used by the United Nations unless specific contractual commitments differ.

8. Apart from a limited number of cost elements such as international travel and the common staff costs of international staff, the inflation factors for field offices must be location-specific. Estimates are compared with past experience and current global patterns and/or information that are available and published before being applied to the budget estimates.

Annex III

Outline of UNFPA's system for the allocation of resources to country programmes (DP/FPA/2000/14)

Group	Countries (2000)	Share of world population	Resource share %
A	62	46	67-69
B	27	19	19-21
C	20	35	7-9
Total	109	100	100

Group "A": Countries that have the greatest need for external assistance. All countries listed as "least developed countries" (LDCs) are included in this group reflecting decision 1995/51 of the Economic and Social Council that had called on the United Nations funds and programmes to continue to give high priority in their budget allocations to the LDCs, low-income countries and Africa. "A" countries require broad-based technical as well as financial assistance. Group "B": Countries that have made considerable progress towards achieving the ICPD goals. Group "C": Countries that have demonstrated significant progress towards meeting all ICPD goals. Assistance to "C" countries is focused in such a way as to ensure that adverse economic conditions and/or other situations do not compromise gains already made. Group "B" and "C" countries need assistance that is more focused on specific thematic issues and/or geographic regions. Group "T" includes countries with economies in transition. Group "O": Comprises small developing countries (populations less than 150,000) for which the United Nations Population Division does not provide detailed data, as well as those countries that are net contributors to the United Nations system.

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